WELFARE IN CANADA

The Tangled Safety Net

a report by the
national council of welfare

november 1987

Canada

88-00657/

WELFARE IN CANADA

The Tangled Safety Net

A Report by the National Council of Welfare

November 1987

Copies of this publication may be obtained from:
National Council of Welfare
Brooke Claxton Building
Ottawa K1A 0K9
(613) 957-2961

Également disponible en français sous le titre:

LE BIEN-ÊTRE SOCIAL AU CANADA - Un filet de sécurité troué

© Minister of Supply and Services Canada 1987
Cat. No. H68-19/1987E
ISBN 0-662-15710-9

PREFACE

Welfare in Canada is the first comprehensive national analysis of social assistance programs operated by the provincial, territorial and municipal governments with financial assistance from Ottawa. These programs function as the safety net for Canadians and are better known by their everyday name 'welfare'.

Several years of research, interviews and writing on the part of the members and staff of the National Council of Welfare went into this report. The names of the current members and the staff and consultants who worked on the study are listed on the back page. We would like to acknowledge the valuable contribution of past members of the Council who contributed to the report.

Thanks are also due to a number of people who commented on the report in its draft stage. These include officials in the federal, provincial and territorial governments as well as experts in universities and social policy organizations.

We have attempted to make this report as complete and up-to-date as possible. At the same time, we recognize that policy changes affecting the welfare system are instituted by different levels of government on an ongoing basis. Therefore the document will be revised periodically as required in order to monitor and assess these changes and to respond to the comments of readers.

The National Council of Welfare hopes the report will promote a better understanding of social assistance in Canada and help make this crucial system of income support more accessible to those who operate it, study it and, most important of all, use it. We believe that the dissemination of clear and accurate information will help fill the gaps in the welfare system and begin to unravel the 'tangled safety net'.

"As for me, welfare has been a beautiful gift from my country. It permitted me to escape from a nightmarish situation and to survive even when in poor health. Perhaps even more important, it gave my children a full-time parent when they needed one most. While I expect that many people will always be rigid and judgmental about welfare, I hope that at least some facts can be made clear. Welfare recipients do not have great bundles of money to live on each month. A welfare cheque is, believe me, barely adequate for survival and is well below the poverty lines. Furthermore, it is a system which seems to be designed to keep you down once you are down. It would help if people could remember that most welfare recipients do not want to be in that position and would gladly change places with anyone who is not."

-A welfare recipient

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
COMPLEX RULES	15
NEEDS TESTING	31
RATES OF ASSISTANCE	57
ENFORCEMENT	86
APPEALS	99
SUMMARY OF RECOMMENDATIONS	109
APPENDIX A -The Data Gap	117
APPENDIX B -Caseload Breakdowns	119
FOOTNOTES	(i)

INTRODUCTION

Purpose

This report is about the welfare system - one of the most important, yet least understood, social programs in this country. There is no shortage of stereotypes about Canadians who 'live off the public purse'. Yet objective and rational information about this system and its recipients rarely makes its way into the public eye.

The fact that the welfare system is not well understood is hardly surprising. Despite large caseloads and big budgets, it operates in a relatively covert fashion. It is governed by complex and extensive rules which are generally unknown to the public. These rules allow countless exceptions through the discretionary powers afforded to administrators and welfare workers. In short, the welfare system is neither easily examined nor readily comprehended.

The purpose of Welfare in Canada is to shed some badly-needed light upon this significant program of income support. Our study describes and analyzes the major features of the welfare system as well as their economic, social and psychological impact.

The Emergence of the Welfare System

The welfare system is only one component of a range of income security programs, including Unemployment Insurance, Workers' Compensation, provincial automobile accident insurance, Old Age Security and Family Allowances, which provide financial support to selected segments of the Canadian population. A distinguishing feature of the welfare system is that it acts as a 'safety net'. It comes into play when other sources of funds such as personal savings are nearly exhausted; when individuals are ineligible for support from other programs; when supplementary income is required to meet emergency or special needs.

Because of its safety net function, the welfare system is often referred to as a program of 'last resort'. This is not difficult to understand when welfare is examined in historical perspective. The Canadian welfare system of 1987 has its roots in England's Elizabethan Poor Law legislation of 1601.

The core tenet of the Poor Law was the assumption of public responsibility for relief of dependent persons through local parishes which acted as the equivalents of modern-day municipal governments. Parish authorities were mandated to provide assistance to those individuals who were too sick, too old or too disabled to support themselves. These local organizations were also required to make work available for unemployed, able-bodied persons and to punish those considered to be able but unwilling to work. It is noteworthy that the distinction between unemployable and employable recipients remains a major hallmark of the current welfare system.

Up until the 1920's, social assistance in Canada very closely resembled that prevalent in the days of the Elizabethan Poor Law. Individuals who could not support themselves after having exhausted their personal resources would have to apply to their municipality for financial aid. They would usually be referred to a charitable agency for temporary help because, in those days, municipal departments of public assistance were the exception rather than the rule.

Applying for relief was a demeaning experience because it was regarded as a sign of personal failure. The Great Depression of the 1930's marked a significant turning point in the evolution of social welfare in this country. Nearly one-quarter of the labour force was out of work at that time. An estimated 15 percent of the population relied on some form of income assistance. Unemployment was no longer seen to result solely from personal inadequacy.

Economic pressures gradually moved the provision of income assistance from a private, charity-based mode to a publicly-funded arrangement. Through the introduction of a range of income support programs, the federal and provincial governments gradually began to assume more responsibility for protecting individuals from the economic risks arising from an urban, industrialized society.

The welfare system we have today evolved from a series of individual pieces of legislation which were adopted over a 30-year period. In 1927, the federal government passed the Old Age Pensions Act which shared the cost of support payments made by the provinces to elderly persons whose financial need was established by a 'means test'.[1] This means test took into account their earnings as well as any assets that could be deemed to yield an income.

The Old Age Pensions Act was superceded in 1951 by the Old Age Security Act and the Old Age Assistance Act. The former provided a basic pension to all Canadians who reached the age of 70. Under the second measure, the federal government contributed half the cost of assistance paid by provinces to individuals between the ages of 65 and 69 whose financial need was established by a means test.

The 1950's saw the passage of other significant laws - the Blind Persons Act of 1951 and the Disabled Persons Act of 1954. These statutes empowered the federal government to enter into agreements with the provinces to share the costs of allowances paid to blind individuals and to severely disabled persons between the ages of 18 and 65.

In 1956, Ottawa brought in the Unemployment Assistance Act. It provided for the sharing of assistance to Canadians in financial need who were not covered by the above federal/provincial cost-shared programs or by provincial allowances to single mothers.

The Canada Assistance Plan

Despite the importance of each of these programs of financial support, the income security system in Canada was beginning to look like a patchwork quilt with separate responses for individual categories of need. The adoption of the Canada Assistance Plan in 1966 was an attempt to consolidate these independent schemes into a more comprehensive arrangement of income assistance.

The Canada Assistance Plan still constitutes the legislative basis for what we know today as the 'welfare system'. Perhaps the most significant aspect of the Plan is that it broadened the basis of support to Canadians in need of financial assistance regardless of the particular situation or condition that gives rise to that need.

Under the Canada Assistance Plan, the federal and provincial governments share equally in the costs of basic items such as food, shelter, clothing, utilities and household supplies. Special requirements including dental care, prosthetic equipment or funeral expenses are also subsidized in this manner. While the federal government shares the financing, the provinces are responsible for the design and administration of social assistance in their respective jurisdictions.

The flexibility of the Canada Assistance Plan combined with regional diversity have resulted, in effect, in a unique welfare system in each of the twelve jurisdictions (the ten provinces and two territories) in Canada. While all these programs have several key features in common, each is governed by its own set of regulations which make it different from the system in any other part of the country.

Despite the variation, the general picture looks like this: Most provinces have a single social assistance program which provides benefits both to individuals who require financial aid on a long-term basis and to those persons who are unemployed but are considered to be capable of working.

Nova Scotia, Ontario and Manitoba are the only provinces which have a 'two-tier' system of income support. In these jurisdictions, the categorization of the applicant determines whether an individual or family will receive assistance from the provincial or the municipal authority.

In Nova Scotia, for example, Family Benefits (long-term assistance) are given to certain **categories** of recipients - disabled individuals, elderly persons or single parents. Applicants who do not fit into one of these categories may be eligible to receive financial aid from the local municipality.

In Ontario, by contrast, it is the **expectation with respect to employability** that determines the level of government that will provide assistance. Municipal governments are primarily responsible for assisting employable individuals and for referring them to the appropriate job training and placement services. The provincial government provides income support to persons considered unable to work.

Eight municipalities in the province of Ontario (two of which are still pilot sites) have integrated the administration of the provincial and municipal welfare programs for single parents only. This means that municipal welfare workers conduct the initial financial assessment and can recommend that certain categories of single parents receive long-term benefits (Family Benefits) immediately. Prior to integration, unwed or deserted single parents had to be on municipal assistance for three months before they could be transferred onto the long-term program. This waiting period had been instituted because many of these single parents were expected to experience a change in marital status. As a result, they got the lower, short-term rates of assistance during the waiting period.

A second reason for integrating the administration of the long-term and short-term welfare programs for single-parent recipients was to

increase their access to employment-related services which are provided at the municipal level. Such services include skills training, job readiness programs and child care. Integration in other municipalities has been temporarily suspended pending the report of the Social Assistance Review Committee which is currently examining all aspects of the welfare system in Ontario.

One major difference among the two-tier systems is that, in Ontario, the rules regarding eligibility for welfare and the rates of assistance are provincially set. Municipalities may make decisions about eligibility and the amounts provided for special assistance and supplementary aid. The latter forms of income support are described in the chapter on Needs Testing.

By contrast, municipalities in Nova Scotia and Manitoba may set their own eligibility criteria and welfare rates. Each of the 202 municipalities in Manitoba establishes by-laws governing its welfare program, although it should be noted that the city of Winnipeg accounts for over 80 percent of the municipal assistance caseload in that province. In Nova Scotia, municipal welfare rates are subject to provincial approval as well as Canada Assistance Plan review.

The principal eligibility criterion for all welfare programs throughout the country is that applicants must be in need of social assistance. 'Need' is determined on the basis of a test to ensure that individuals have insufficient means to support themselves and their dependents. The needs test takes into account budgetary requirements as well as the resources available to meet those needs. In the calculation of resources, certain exemptions with respect to personal assets and income are allowed.

Positive Features

The welfare system has a number of positive features. The federal/provincial agreement ushered in under the Canada Assistance Plan represented a quantum leap over previous public income assistance schemes. The strengths of the current welfare system include the flexibility it affords to the provinces to ensure that their unique requirements are met; the provisions it makes for extenuating circumstances and special situations; its broad coverage of a wide range of individuals regardless of cause of need.

There is no question that the welfare system is a crucial component in the spectrum of income security programs in this country. It has provided assistance to countless Canadians who would have otherwise had no means of support. Table 1 presents the estimated number of social assistance cases and recipients under the Canada Assistance Plan from March 1981 to March 1986. At last count (March, 1986) Canada's welfare caseload numbered more than a million (1,048,900) and close to two million women, men and children (1,892,900) depended on social assistance. Because this table does not include status Indians, it underestimates the number of welfare recipients in Canada.

We also believe that the social assistance caseload would be much higher if all those Canadians eligible for financial aid would actually apply. There are many people who are supported by family members or friends during a financial crisis or in times of need. There may be thousands of working poor families who would qualify for some assistance under provincial guidelines but are simply unaware of the program or too proud to ask for help. There are thousands of homeless Canadians who are not even caught by the income support 'safety net'. In short, the figures presented in Table 1 represent only part of the actual number potentially eligible for social assistance.

TABLE 1

ESTIMATED NUMBER OF SOCIAL ASSISTANCE CASES/RECIPIENTS
UNDER THE CANADA ASSISTANCE PLAN
MARCH 1981 to MARCH 1986

PROVINCE	March 1981		March 1982		March 1983		March 1984		March 1985		March 1986	
	#cases	#recipients	#cases	#recipients	#cases	#recipients	#cases	#recipients	#cases	#recipients	#cases	#recipients
Nfld.	20,400	50,400	22,000	54,700	20,700	51,900	21,800	53,300	20,900	49,100	19,700	47,000
P.E.I.	4,500	10,100	4,900	11,300	5,000	11,300	4,400	9,800	4,300	9,600	4,400	9,200
N.S.	27,700	62,400	29,200	64,600	31,600	69,300	32,200	67,500	34,300	73,100	35,300	72,100
N.B.	29,600	67,400	29,700	62,700	35,000	70,100	35,100	68,600	35,400	69,100	35,800	68,800
Quebec	302,300	532,900	325,400	561,900	396,800	675,800	415,300	705,900	424,400	708,700	416,100	693,900
Ontario	203,100	389,800	214,900	406,800	253,100	475,300	261,600	484,700	265,200	486,300	266,400	485,800
Manitoba	23,600	46,900	24,200	47,800	29,000	55,900	31,100	59,200	33,100	62,800	33,000	62,600
Sask.	22,600	43,800	23,600	48,400	29,500	59,700	31,400	63,700	31,600	64,000	30,800	62,700
Alberta	32,500	79,000	37,400	92,800	59,700	140,700	56,100	128,400	62,800	136,800	57,000	126,600
B.C.	66,300	128,000	75,200	144,900	128,200	232,500	146,000	257,100	153,400	267,600	147,600	255,700
N.W.T.	2,100	7,400	2,000	6,500	2,200	7,300	2,100	7,000	2,300	7,400	2,200	7,100
Yukon	600	1,200	700	1,400	700	1,300	600	1,100	700	1,300	600	1,400
TOTAL	735,300	1,419,300	789,200	1,503,800	991,500	1,851,100	1,037,700	1,906,300	1,068,400	1,935,800	1,048,900	1,892,900

SOURCE: Health and Welfare Canada.

On a national basis, persons who are disabled, single parents with dependent children, or employable comprise over 90 percent of the current total social assistance caseload. One-third of women in Alberta, for example, are on social assistance solely because of marriage breakdown. The remaining ten percent of recipients consists on a national basis of groups such as transients, children living with a guardian, strikers and large low-income families.[2] Canadians aged 65 and over are covered primarily by another income security system - the federal Old Age Security and Guaranteed Income Supplement, the Canada/Quebec Pension Plan, provincial income supplements and tax credits for the low-income aged.

At one time, most social assistance recipients were unable to work. The economic downturn which Canada experienced in the early 1980's, however, resulted in a large increase in the number of employable persons on welfare.

A 1983 study found that employable persons comprised almost 45 percent of the total caseload in Saskatchewan.[3] Between 1981 and 1984, the employable caseload in the Lower Mainland of British Columbia increased by 139 percent compared to a 27 percent increase in the unemployable caseload during the same period.[4] In March 1985, 53 percent of short-term (General Welfare Assistance) cases in Ontario were in receipt of financial aid due to unemployment, up from 41 percent in 1979.[5]

Appendix B shows reasons for dependency on social assistance and the caseload breakdown in selected provinces.

Weaknesses

Despite its tremendous importance and far-reaching coverage, the welfare system in Canada is not without flaws. A major weakness lies in its roots in the Elizabethan Poor Law which still influences the way social assistance is delivered and the attitudes that many Canadians have toward welfare recipients.

What is particularly problematic about this historical legacy is the unquestioned assumption of negative attitudes toward people who, for whatever reason, are unable to support themselves. These attitudes find expression in the current welfare system in a variety of forms including exhaustive sets of rules designed to separate out 'deserving' from 'non-deserving' persons and extensive monitoring powers to help catch welfare 'cheats'.

Complex procedures for the testing of needs have been developed to help identify the most 'deserving' individuals. Yet needs tests have, in themselves, created a variety of problems including the reinforcement of poverty. Welfare rates have been kept low because of fiscal restraint and, in some provinces, because of concerns about social assistance levels rising higher than the minimum wage. At the same time, however, low levels of allowance have caused severe hardships for welfare recipients who must subsist on benefits which fall well below the poverty line.

The flexibility that is, in theory, so important given the diverse nature of Canada has also created serious disparities among the various regions of the country as well as among municipalities in the same province. As a result, there are significant inequities in the provision of assistance to welfare recipients.

Finally, every province has an appeal system which allows welfare recipients to question decisions regarding their benefits. Yet there are problems in the grievance procedures which are supposed to protect the interests of beneficiaries. These difficulties raise concerns about the ability of provincial social assistance appeal boards to act as impartial and competent judges.

Principles

This report will describe five major components of the welfare system and will present an analysis of their impact. These features are: complex rules, needs testing, rates of assistance, enforcement and appeals. The recommendations for reform which conclude each chapter have been formulated on the basis of the following set of principles:

1. SIMPLIFICATION — The welfare system should be simplified; there should be fewer rules and categories.

2. ACCESSIBILITY — Information pertaining to all aspects of the welfare system should be made more readily available to recipients and to all members of the public.

3. EQUITY — The welfare system should be made more equitable through reductions in disparities within and between provinces.

4. ADEQUACY — Welfare benefits should be set at more adequate levels.

5. DUE PROCESS — Policies and practices within the welfare system should be consistent with the due process of law to which all other government programs in this country are subject.

Welfare in Canada presents 55 recommendations which call for incremental reform of the existing welfare system. Our objective is to put forward practical proposals for change which can be implemented at once. More fundamental and long-term reforms, such as replacing welfare with some form of guaranteed income, will be examined in a separate report of the National Council of Welfare.

Several cautions are in order at this point. First, because the welfare rules vary so greatly throughout the country, it is difficult to make generalizations on any given topic. Although great care was taken to ensure the accuracy of all information, there may be exceptions to some of the rules and practices described in this document.

Second, every effort was made to ensure accuracy and fairness in the portrayal of the current system. For example, the chapter on Rates of Assistance could be written only by using close to three dozen assumptions in order to ensure that the rules were interpreted in a consistent fashion.

Third, because new welfare policies and practices such as rate increases come about in many provinces as a result of political expedience or community lobbying, it is possible that the status of certain issues may have changed since the publication of this study.

It is also important to state that our report is by no means intended to reflect negatively upon welfare workers. They are required to carry out an extremely difficult job under the pressures of stringent economic conditions and enormous caseloads often involving several hundred recipients for each worker. A simplification of the social assistance system would not only benefit welfare recipients but also would ease the heavy burden for welfare workers who are currently responsible for interpreting and applying complex and extensive sets of rules.

This report does not focus upon welfare recipients who are disabled. While disabled Canadians comprise a significant proportion of the welfare population, it is impossible to make generalizations about their needs and corresponding levels of benefit. This assessment is different for every individual and depends upon the nature of the particular disability as well as the degree of impairment.

Most provinces provide higher rates of assistance to disabled recipients than to able-bodied individuals. In addition, several provinces make available for disabled persons supplementary allowances and special benefits for health-related costs and home support services. A more detailed description can be found in Health and Welfare Canada's Inventory of Income Security Programs in Canada.[6]

The limited discussion of the specific needs of disabled Canadians on welfare is intended neither to minimize the significance of this segment of the welfare population nor to downplay the importance of social assistance as their major source of financial support. Rather, we want to avoid drawing conclusions which cannot possibly be representative of the wide and varied range of benefits and services to which disabled persons may be entitled in any given province.

Another important area that we do not address is the relationship between social assistance and other forms of income support such as Unemployment Insurance, Workers' Compensation or provincial automobile accident insurance. A discussion of this nature would require a detailed analysis of these other programs and would further complicate what is already a long and intricate study. Nonetheless there are serious gaps and overlaps in these programs which we will consider in a subsequent report.

We do not examine the programs that have been implemented in a number of provinces to help employable individuals seek and obtain a job. Many provinces have initiated a variety of innovative measures designed to promote recipients' employment-related efforts. The federal government has been actively involved in negotiating agreements with the provinces under the 'four corner' strategy which involves the federal departments of Health and Welfare and Employment and Immigration along with their provincial counterparts. These agreements permit the funding of a range of programs which enhance and promote the employability of welfare recipients.

This report focuses instead upon the **current** system of social assistance itself; it does not discuss how recipients can get off welfare. Employment incentives are considered only within the context of the earnings exemption guidelines described in Chapter 3. The question of whether social assistance is an appropriate program of income support for employable welfare recipients is to be examined in another Council report which will consider a range of issues pertaining to employment policy, including minimum wages and income supplementation.

Another subject not addressed in this report is the range of social services and other community supports to which welfare recipients may be entitled in various provinces. These include health care services, subsidies for day care, family counselling and benefits 'in kind' such as access to public housing as well as drug and dental plans. While this study focuses primarily upon the income assistance aspects of the welfare system, the Council recognizes that there are a number of support services in place in local communities such as food banks and hostels to help low-income individuals and families.

Each chapter in this report begins with a quote about the welfare system, taken from interviews with welfare recipients. They speak eloquently to the reality of life on the safety net.

CHAPTER 1

COMPLEX RULES

"Now that I have a new worker, I walked in to see her two weeks ago. She said as she was handing me my support payments for the month: 'You know, considering that you are unemployable, I don't think it's fair that you should take such a loss. I will go and talk to Mr. M.' She left the office, came back and said: 'You will get an additional $196.' Now I had previously been denied that amount. I walk across the hall and I'm given it from another worker. These are rules I don't understand."

The Issue

The welfare system in each province is governed by a complex and extensive set of rules. The complexity of the system makes it difficult to understand and to be knowledgeable about eligibility or degree of entitlement. The rules allow many opportunities for the exercise of discretion in individual cases, a situation which may give rise to inequities in the treatment of recipients.

The Problem

The Canada Assistance Plan removed the categorization of need and thereby significantly broadened the scope of social assistance. It did not, however, stop the growth of complex sets of rules to determine who would be eligible for social assistance, how much they were entitled to receive and how the status of recipients could be monitored on an ongoing basis.

Rules arise out of provincial social assistance acts, regulations pursuant to these acts and policy directives set out by administrators. These rules provide guidelines for making decisions on virtually every aspect of welfare assistance. In the eligibility area alone, there are many factors including age, residence, employability, disability and marital status that must be taken into consideration in determining whether individuals are even allowed to apply for welfare.

The rules vary greatly among jurisdictions. With respect to residence requirements, for example, persons applying for long-term assistance (Family Benefits) in Ontario must be resident in that province in order to be eligible for assistance. Their eligibility is not affected for up to three months if a valid reason justifies their temporary absence from the province. By contrast, long-term assistance (Family Benefits)

in Nova Scotia may be suspended where recipients are absent from the province for a period exceeding 30 consecutive days.

In Newfoundland, transient youths may be granted assistance for emergency needs only. Transients in Saskatchewan are eligible for assistance for health or financial services for a period not exceeding four days. They may qualify for ongoing benefits, however, if they intend to establish residence in the province.

In Nova Scotia, transients must apply for assistance from municipalities, each of which sets its own rules concerning eligibility and levels of benefit. Halifax, for example, provides no assistance to those individuals considered to be travelling transients unless the case involves a medical emergency. The municipality may also refer these persons to a shelter for transients and provide them with benefits 'in kind' such as lodging or food vouchers.

Most provinces require widowed, deserted, separated or divorced parents to seek out any income to which they may be entitled. Mothers with dependent children, in particular, are expected to have court orders for maintenance support enforced. Provinces vary, however, with respect to the reasonable effort mothers must make to pursue this support.

Family Benefits policy in Ontario, for example, stipulates that the enforcement of a maintenance order against an absent parent may be temporarily waived for a six-month period or permanently waived where this parent is physically abusive or is unemployed. In British Columbia, the government itself will pursue maintenance or alimony when social assistance is being provided to persons entitled to money from support orders. Applicants who do not fully cooperate in the pursuit of maintenance payments will be considered ineligible for social assistance.

Several provinces have developed other methods of dealing with the problem of enforcing support payments. Manitoba, Saskatchwan and Alberta automatically pursue support payment defaulters; the defaulted payment becomes a debt payable to the state. The province of Ontario will also initiate default proceedings on behalf of welfare recipients. As a result, these single parents do not lose any welfare entitlement on the basis of an imputed amount of income that has not, in actual fact, been received.

Under a new program instituted by the Department of Justice in Saskatchewan, welfare recipients who have a maintenance order must 'assign' this order to the Minister of Social Services. This means that welfare benefits are paid in full to these recipients as if there were no maintenance order. The province assumes responsibility for the enforcement of the order; that is, the order becomes a debt payable to the state.

There are varying rules regarding the eligibility of immigrants for social assistance. Those provinces which actually make specific provision for this category of applicant generally consider the individual's or family's sponsor as primarily responsible for ensuring financial support. Provinces also determine whether the applicant is currently receiving or is eligible to receive assistance under federal Employment and Immigration programs. Depending upon the circumstances of each case, welfare may be granted as an interim measure in emergency circumstances or until the sponsor honours the commitment to provide support for the individual or family.

Strikers are generally not eligible for social assistance. However, some jurisdictions such as Alberta and the Yukon make provision for hardship assistance to remove an immediate threat to life. Strikers in Saskatchewan may apply for assistance under the same conditions as an

employable person; they must be prepared to look for work. Each municipality in Nova Scotia is responsible for determining strikers' eligibility for social assistance. Halifax allows individuals who have been locked out because of a labour-management dispute to apply for emergency municipal assistance only if they are actively seeking employment.

Rules about the eligibility of unwed mothers also vary and are shaped largely by the child welfare legislation in the particular jurisdiction. In the Northwest Territories, an unmarried mother may apply for social assistance at the age of 16 providing she is considered to be the head of the household and has at least one dependent. By contast, Manitoba will allow young women between the ages of 16 and 18 to receive social assistance in their own right only in very exceptional cases which involve a room and board situation and are approved by the local child welfare authority. Unmarried mothers under the age of 19 in New Brunswick may be eligible for assistance; they must, however, participate in approved training and rehabilitation programs as a condition of eligibility.

Provinces vary, as well, with respect to their expectations regarding the employability of recipients. In Prince Edward Island, single parents with children under school age are given the option of remaining at home with their children or of being assisted by means of day care to pursue employment. Single parents with children of elementary school age are encouraged to register with a Canada Employment Centre if the caseworker feels this is appropriate. Mothers with children over elementary school age are required to register if these women are considered to be employable.

Single parents in Alberta are deemed unemployable if they have one dependent child under the age of four months, two dependent children both of whom are under school age, three or more dependent children, or a child with a physical or mental disability. In British Columbia, single parents are considered unemployable if they have one dependent child under

six months, or two or more dependent children under age 12. In other words, single parents with one child of age four months or older in Alberta and age six months or older in British Columbia are classified as employable.

Prior to a court decision in December 1986, Nova Scotia was the only province which excluded single fathers from long-term social assistance. This practice was successfully challenged in the Nova Scotia Supreme Court on the grounds that it contravened the Equality Rights provisions of the Charter of Rights and Freedoms.[7]

The status of unemployed Canadians who are considered to be employable requires special attention. Employable individuals must be unemployed due to circumstances beyond their control; must be willing to accept employment for which they are physically capable or enroll in programs to promote their employability; must make reasonable job seeking efforts. Employable recipients generally receive lower benefits and fewer items of special assistance than do long-term recipients. These differences are described more fully in the chapters on Needs Testing and Rates of Assistance.

Single employable persons in Alberta, for example, are eligible for benefits for up to one month; benefits for an additional month may be approved by welfare workers 'where circumstances warrant'. Unemployed employable recipients in Alberta are not allowed to be absent from the province whereas unemployable applicants retain their eligibility despite absences of up to one month per year.

In Quebec, single employable persons under the age of 30 received only $171 a month in January 1986 compared to $456 for an employable individual over age 30. This practice was challenged in the Quebec courts on

on the grounds that it discriminates on the basis of age and thereby contravenes the Equality Rights provisions of the Charter of Rights and Freedoms.

In the Yukon, individuals may be required to repay the social assistance received if they are commencing or returning to employment within 30 days. In Manitoba, social assistance granted by municipalities used to be considered a debt subject to recovery through the registration of a lien.[8] As of October 1986, the authority to do so was abolished and legislation was introduced which restricted the use of liens to the same limited circumstances authorized for the provincial welfare program. These circumstances include monies provided for the principal portion of a mortgage, major repairs costing more than $200, tax arrears, overpayments by the department, or support payment liability. The latter case refers to a situation in which social assistance is given when the maintenance providers do not live up to their financial responsibility.

Placing liens is an objectionable practice for two reasons. First, it puts a burden upon welfare recipients who are expected to repay their debt. Second, the province of Manitoba was, in effect, being reimbursed twice for its welfare expenditure: from the welfare recipient as well as from the federal government for its 50 percent share of the costs under the Canada Assistance Plan.

If the various eligibility conditions for applying for assistance have been met, the extent of need is then determined. Need is calculated on the basis of a detailed and complex set of procedures which take into account applicants' basic and special requirements as well as the income and assets available to meet those needs. This process is described more fully in the chapter on Needs Testing.

Finally, a system which is governed by such extensive rules functions effectively only to the extent that these rules are monitored and enforced. This fact has necessitated the development of yet another set of directives discussed in the chapter on Enforcement.

While the rules spell out the specific procedures to be followed in determining eligibility, levels of benefit and enforcement, they also permit exceptions to be made in cases of special need or extenuating circumstances. Administrators are given widespread discretionary powers to enable the system to respond to individual situations and diverse local conditions.

Administrative discretion is a two-edged sword. While it allows flexibility, it also gives rise to inequities. In fact, provincial regulations governing the administration of social assistance include so many discretionary powers that what appears on the surface to be a well-regulated system operates largely on the basis of value judgments. Practically every rule may be varied depending upon the decisions of local administrators. Table 2 presents a few selected samples of these discretionary powers.

Perhaps the most sweeping and fundamental of the discretionary powers pertains to the provision of special assistance. This category of assistance is described more fully in the chapter on Needs Testing. In the three provinces with a two-tier welfare system (Nova Scotia, Ontario and Manitoba) each municipality may decide whether it will make available special assistance and, if so, for which items and in what amounts. Other jurisdictions allow welfare directors and local administrators to determine, on a case by case basis, the eligibility and degree of entitlement of particular individuals or families for special assistance.

TABLE 2

SELECTED EXAMPLES OF DISCRETIONARY POWERS

AREA OF CONCERN	JURISDICTION	DISCRETIONARY POWERS
Residence	Yukon	While assistance is normally terminated when an individual leaves the Territory, the assistance may be continued for a period of up to six months **with the approval of the Director.**
Transients	New Brunswick	Assistance may be granted to individuals in need who are living in hostels for transients. A maximum of two days' assistance is provided **on the basis of rates approved by a designated officer.**
Strikers	Manitoba (Winnipeg)	In the case of proven need, the City of Winnipeg will provide assistance to strikers. A two week waiting period is required **although it may be waived by the Director in an emergency situation.** Recipients must obtain casual or part-time employment to minimize their dependence on social assistance.
Elderly Persons	Alberta	Applicants between the ages of 55 and 60 who have been unemployed for a lengthy period of time who have inadequate employment skills may receive up to three months' assistance. **During this period, the District Manager is expected to determine the employability of these applicants.**

TABLE 2 (continued)
SELECTED EXAMPLES OF DISCRETIONARY POWERS

AREA	JURISDICTION	DISCRETIONARY POWERS
Disabled Persons	Newfoundland	**Disability is determined by an officer of the Department** who ascertains whether these applicants require supportive services to aid independent living.
Unemployed Employable Persons	Ontario (Family Benefits)	**If the Director determines** that applicants/recipients or their spouses are unwilling to accept suitable employment when it is available, then the assistance provided may be cancelled or suspended.
Separated Parents	Alberta	Applicants having difficulty coping with the trauma associated with marriage breakdown may be granted up to three months' assistance. During this time, **the District Manager will determine** determine whether applicants are considered to be employable.
Students	Prince Edward Island	Persons under age 18 may be eligible for assistance. The **Director must determine** that their home is unsuitable for their care and development.
Emergency Assistance	Northwest Territories	Assistance may be provided for an unexpected or emergency situation to individuals unable to sustain themselves or their families. **The reason for such assistance must be approved by the Director.**

TABLE 2 (continued)
SELECTED EXAMPLES OF DISCRETIONARY POWERS

AREA OF CONCERN	JURISDICTION	DISCRETIONARY POWERS
Business Persons	Saskatchewan	The operations of small business owners applying for assistance **should be evaluated** to determine whether they should be encouraged to seek another occupation, especially when the business operation is not viable.
Foster Children Under Age 19 Applying For Income Assistance Independent of Parents	British Columbia	Children not residing with parents or guardians are ineligible for income assistance **unless in the discretion of the administering authority a decision is made to assist.** Any assistance must be granted only after reasonable efforts have been made to have parents or guardians assume responsibility for full support.
Immigrants	Quebec	Applicants who are not Canadian citizens may be granted assistance or may be referred to an appropriate organization **depending upon their status and circumstances.**
Overpayment Recovery	Nova Scotia (Halifax)	In recovering overpayments, assistance may be reduced by a 'reasonable' amount **determined at the discretion of the local welfare office.**

The Impact

Lack of Information

What's wrong with a system that attempts to spell out the 'rules of the game'? Mainly the fact that not all players know what the rules of the game are! Canadians on welfare rarely have information regarding how administrative decisions affecting their particular case have been made. They cannot easily verify that they are receiving the entitlements for which they are eligible under the various rules and policy directives.

In the Northwest Territories, for example, money for the purchase of clothing may be provided as part of basic assistance upon the request of the applicant. It is difficult to ascertain how well individuals are informed of their right to ask for such assistance.

Lack of information makes outside monitoring of case decisions practically impossible. This is a serious problem, considering the significant possibility of error. Welfare workers must make decisions concerning individual or family entitlement depending upon the needs and circumstances of each case.

One of the difficulties that arises with respect to this procedure is that in some jurisdictions, such as Alberta and Quebec, welfare workers are essentially income assistance clerks and are not trained social workers or vocational counsellors. Yet these welfare workers are expected to make critical decisions concerning applicants' or recipients' living requirements. They must interpret some very complex rules and apply them to individual cases.

It comes as no surprise, then, that the recent investigation 'squad' set up in Quebec to detect welfare fraud found many instances of both overpayment and underpayment of benefits arising from administrative errors that were made after the large caseload increases of the early 1980's.

When regulations are so complex and when so little is known about the system, applicants or recipients may unknowingly break the rules and suffer severe consequences as a result. Offences and penalties are discussed more fully in the chapter on Enforcement.

Some provinces, such as British Columbia, have made efforts to make information about the welfare system more readily accessible to the public. The policy manual is made available in over 160 local welfare offices and is provided to advocacy groups. There are currently 1,200 copies in circulation.

Another way of ensuring that information concerning welfare is subject to public scrutiny is to have regular **legislative** review of the social assistance regulations and policy directives. This would build a safeguard into the system by having elected representatives act on behalf of the public to examine and question previously approved and new regulations as well as administrative directives.

One of the problems associated with lack of information is that it is very difficult for people moving from one jurisdiction to another within Canada to find out about social services as well as income support and employment programs in other provinces. In addition to improved provincial information, there appears to be a need for a national source of information to help Canadians make their way through the 'maze' of complex income support and social service schemes throughout the country.

Inequities

Because each province has a unique set of rules for defining need and for establishing benefit levels, procedures regarding all aspects of welfare administration vary greatly throughout the country. There are differences within jurisdictions as well.

Aside from disparities arising from different sets of rules, the discretionary powers afforded to local administrators and welfare workers can result in serious inequities. Welfare workers must interpret and apply complex rules in a fair and consistent fashion. It would be naive, however, to assume that there would be no differences among individual workers in their interpretation of these rules. Whether the subjective bias arises unintentionally through the actions of individual welfare workers or intentionally through discretionary decisions, the results are the same: The rules are not necessarily applied in an equitable fashion.

Some would argue that interprovincial disparities are not necessarily a bad thing. After all, living standards and needs can be defined in relative terms. Individuals have basic requirements and pay certain amounts for these items in relation to local living standards. The welfare system in each jurisdiction is based upon these local conditions. What may be interpreted as an inequity by some might be seen by others as a unique response to a particular set of conditions.

The question of equity or the relative position of welfare recipients in various provinces would not be so important if the needs of these people were being adequately met by the existing system. However, the following chapter on Needs Testing illustrates the substantial variation in the way that basic needs and special needs are defined. What is considered to be a basic need in some jurisdictions is deemed to be a special need in others. This fact has major repercussions upon the amount of assistance that people receive. Reductions in such inequities would produce a system that is more consistent, adequate and fair.

In short, the welfare system in every province in Canada is a a complex operation governed by a vast array of rules which require interpretation and the exercise of administrative discretion. Personal judgments invariably give rise to inconsistencies in the treatment of

recipients within and between jurisdictions. The fact that the rules are neither well known nor well understood by the public makes it difficult to verify whether they have been fairly and appropriately applied in any given situation.

The following recommendations are made in the interest of simplifying the welfare system, improving access to it and promoting equity. We recommend:

1. That the three provinces which maintain two-tier welfare systems (Nova Scotia, Ontario and Manitoba) minimize disparities among municipalities in their respective jurisdictions and move toward the integration of their current social assistance programs into single provincial systems.

2. That provinces simplify their welfare rules by eliminating the distinction between employable and unemployable applicants and recipients.

3. That provincial legislatures review, on a regular basis, their social assistance regulations, policies and practices.

4. That provinces ensure that the decisions of welfare workers are subject to ongoing supervisory and/or peer review to determine whether appropriate decisions have been made.

5. That provinces remove from their welfare rules punitive discretionary powers such as the refusal to grant benefits to individuals who spend their welfare cheques in an 'unreasonable' manner.

6. That provinces raise their rates of basic assistance in order to reduce the need for special assistance which is provided through administrative discretion.

7. That provinces require all local and regional welfare offices to make available as a public document the social assistance policy manual.

8. That provinces make available to the public a guide to their welfare system including social services and social assistance.

9. That provinces require local and regional welfare offices to display in public view recently-issued policy directives that affect any aspect of welfare including social assistance entitlement, benefit levels, enforcement practices and appeal procedures.

10. That provinces require local and regional welfare offices to distribute copies of such policy directives to community organizations such as social planning councils and anti-poverty groups.

11. That provinces distribute notices regarding major changes in benefit levels or any other relevant policy directives in monthly welfare cheques.

12. That provinces hold regular meetings with representatives of community organizations such as social planning councils and anti-poverty groups to discuss problematic aspects of the welfare regulations and policies.

13. That provinces explore with representatives of community groups a system of advocates to assist welfare applicants and recipients.

14. That the federal government fund a national information service to provide information on provincial social assistance and social service programs to help immigrants and Canadians who are moving from one province to another.

CHAPTER 2

NEEDS TESTING

"I think that at the present time, if I could find a job, I would refuse it since I would only be about $10 ahead a month by working as compared to welfare. It is not very encouraging. After paying transportation, food, babysitting and the extras you need when working...I would come out about $10 ahead...So you stay where you are."

The Issue

The current method of determining need reinforces poverty and dependence upon the welfare system.

The Problem

Assessment of Need

Under the current system, eligibility for social assistance is established on the basis of need as well as by provincial rules concerning age, marital status and other characteristics. The extent of need in each individual case is determined through a 'budget deficit assessment'.

In a budget deficit assessment, the actual amount of assistance payable is determined by calculating the difference between the amounts prescribed for certain needs and the sum total of resources available to the applicant. The deficit is the amount by which the need for assistance exceeds the resources.

There is wide variation in the way in which jurisdictions determine the maximum allowable amounts payable to welfare recipients. Most provinces make a distinction between long-term and short-term assistance. Long-term assistance is granted to applicants who are unlikely to be self-supporting either on a permanent basis or over an extended period of time. Short-term assistance is intended for those who are able to work but who are currently unemployed.

The rate structure for long-term recipients is generally higher because they are regarded as having greater need; most are older, disabled or single parents with young children. Individuals who are deemed employable generally receive lower rates of assistance.

In addition to the long-term and short-term classifications, provincial rules identify those necessities that are considered to be **basic** requirements and those that are classified as **special** requirements. Basic needs include food, clothing, personal allowances, shelter and utilities such as fuel, water and electricity. The maximum amounts designated for each of these items are generally low and are reflected in their totals. Levels of benefit are presented in the following chapter on Rates of Assistance.

Over and above basic needs, every province has its own list of requirements eligible for special consideration. These lists vary but generally include the following items: Costs arising from special health needs such as medically prescribed diets or drugs, prosthetic equipment or transportation for treatment are universally provided as are funeral-related expenses. Expenditures associated with job-seeking - such as transportation, babysitting, clothing and trade tools - are covered in varying combinations and amounts throughout the country.

Most provinces make allowance for emergency home repairs, arrears in utility payments or heating supplements during the winter months. In some jurisdictions, regularly recurring items of special need such as back-to-school supplements are automatically provided.

Assessment of Resources

As earlier indicated, the budget deficit assessment calculates the difference between needs and the resources, including assets and income, available to meet those needs.

Applicants are expected to deplete most of their liquid and fixed assets before they can be considered eligible for social assistance. 'Liquid assets' refer to cash, bonds, monies held in a trust fund and the

cash surrender value of life insurance, the value of which is exempt in some jurisdictions. 'Fixed assets' include property, equipment and household effects.

Not surprisingly, each province has developed a set of complex rules specifying the maximum allowable amounts of liquid and fixed assets which may be retained by applicants. Individuals applying for social assistance may not possess liquid assets in excess of the limits outlined in Table 3.

The amounts presented in the table should be understood as guidelines; provincial regulations and policies qualify these amounts which may vary by age of the recipient, individual circumstances and the degree of employability of that person. For example, certain jurisdictions such as Ontario permit extra amounts to be kept for funeral-related expenses. Nova Scotia allows funeral-related expenses to be retained by residents of homes for special care. Manitoba allows elderly persons to keep a funeral plan up to $1,000 if it was purchased at least one year prior to applying for assistance; all other elderly applicants are allowed to keep $300 for funeral-related expenses.

There is also considerable variation with respect to fixed assets, although most provinces allow the retention of property used in self-employment up to a specified maximum value. In addition, most provinces give special consideration to farms assets.

It is important to note that, for cost-sharing purposes, guidelines under the Canada Assistance Plan allow provinces to permit liquid asset exemption levels up to a maximum of $2,500 for a single person and up to $3,000 when an individual is aged or disabled. A maximum of $5,000 can be exempted for a person with one dependent and up to $5,500 is allowed when the applicant and/or spouse is/are disabled. However, Ontario is the

only province that actually employs these maximum allowable amounts and they are applied for recipients of Family Benefits only. The exemption levels are lower in all the other provinces and territories.

In calculating the resources available to applicants or recipients, each jurisdiction has also developed rules which govern the treatment of income. Provinces generally consider as personal resources the monies applicants receive from pensions or allowances from any level of government. The exceptions are Family Allowances and the federal Child Tax Credit which are not counted as income. Saskatchewan, however, treats Family Allowances as non-exempt income by deducting their value from the social assistance payment.[9]

Practically all jurisdictions exempt the value of the federal Child Tax Credit. Since its inception in 1978, the Child Tax Credit has been paid once a year. Eligible families have received their Child Tax Credit after they filed their tax return, which means that the Credit for the 1986 tax year normally would be delivered early in 1987. Beginning in 1986, however, families with net incomes of $15,000 or less got a pre-payment of their 1986 Child Tax Credit of $300 per child in November 1986 and the remainder ($154 per child) for the 1986 taxation year in the spring of 1987.

However, problems arose recently in Manitoba with respect to the Child Tax Credit. Municipalities in that 'two-tier' province are allowed to set their own eligibility rules. The city of Brandon had not exempted the value of the Child Tax Credit in its by-law. The administrative staff decided to exempt one-half the amount of the Credit. After the issue was brought to the attention of the city council, the by-law was amended to exempt the full value of the Credit.

TABLE 3

LIQUID ASSET EXEMPTION LEVELS AS OF DECEMBER 1986

	Unemployable			Employable	
	Single Person	Single Parent; One Dependent	Single Disabled	Single Person	Family
Newfoundland	$1,500	$2,500	$3,000	$ 40	$ 100
Prince Edward Island	200	1,200	900	50[1]	50
Nova Scotia	1,500 (elderly)	2,500	3,000	Municipalities generally require liquid assets to be expended to meet basic needs.	
New Brunswick	500	1,000	1,000	500	1,000
Quebec	1,500	2,500	1,500	1,500	2,500
Ontario[2]	2,500[3]	5,000	3,000	Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance. Assets equal to 1-2 weeks' assistance may be exempted (or up to 1-3 months' assistance in the case of a temporarily unemployable person). Assets equal to 1-3 months' assistance. Maximum liquid asset exemptions ($2,500 for single or $5,000 for a couple) may apply for individuals who are to be transferred to long-term assistance.	

[1] For individuals who require assistance for less than four months.
[2] For persons owning or operating farms, a maximum allowable net farm assets level has been set at $20,000.
[3] The exemption for 60 to 64 year-old persons is $3,000.

TABLE 3(cont'd)

LIQUID ASSET EXEMPTION LEVELS AS OF DECEMBER 1986

	Unemployable			Employable	
	Single Person	Single Parent; One Dependent	Single Disabled	Single Person	Family
Manitoba	$ 400	$ 800	400	Each municipality establishes levels of allowable assets.[1]	
Saskatchewan	1,500	3,000	1,500	1,500	3,000[2]
Alberta	1,500	2,500	1,500	Same as exemptions for long-term assistance except that no more than $50 for a single person, or $250 for a person with dependents, of the assets can be made up of cash on hand, in bank accounts or government bonds.	
British Columbia	500[3]	1,500	2,500	160	1,500
Yukon	500	1,800	1,500	100	200
Northwest Territories	The value of any assets that should not be converted into cash for sound social or economic reasons (in the Director's opinion) is exempt from inclusion as a personal resource.				

[1]The city of Winnipeg has no liquid asset exemption levels but allows the exemption of the cash surrender value of life insurance policies up to a maximum of $2,000; equity in the house owned and occupied by the recipient; the value of the principal family motor vehicle.
[2]An extra $500 is exempt for each additional child.
[3]Liquid asset exemptions for persons over age 55 are higher.

The municipality of Selkirk, Manitoba, allows the exemption of the Child Tax Credit in practice although its by-law does not permit such an exemption. In Portage La Prairie, Manitoba, $150 of the Credit is exempt - after which welfare recipients must show receipts to demonstrate that the remainder of the benefit has been spent in a 'reasonable' and 'responsible' fashion.

In 1986, the federal government introduced a refundable Sales Tax Credit worth $50 per adult and $25 per child for low-income Canadians. The government of British Columbia announced in February 1987 its decision to exempt fully the value of this Sales Tax Credit in the determination of resources available to welfare recipients. The province of Manitoba and the city of Winnipeg have exempted the value of the Credit for provincial and municipal social assistance recipients, respectively.

The amount of income that recipients may keep from employment is also subject to regulation. These rules are often referred to as 'tax-back rates' - that is, either the percentage or the amount of outside earnings that recipients are expected to return to the welfare department. Provinces fix these levels at a certain percentage of earnings, allow the exemption of a lump sum amount, or employ a combination of these methods.

Table 4 presents a comparison of provincial earnings exemption levels. These earnings exemptions apply to net income except where otherwise specified. The earnings exemption provision generally applies only after initial eligibility has been established so that an applicant's employment income cannot be reduced by using the earnings exemption to establish eligibility.

Again, the figures in this table are to be understood as guidelines only. Each amount is qualified by an extensive set of interpretations as to what is to be included as income. Exemptions may also vary

TABLE 4

EARNINGS EXEMPTION LEVELS[1]
AS OF DECEMBER 1986

	UNEMPLOYABLE[2]		EMPLOYABLE	
	SINGLE PERSON	FAMILY	SINGLE PERSON	FAMILY
NEWFOUNDLAND	- the first $30 plus monthly exemptions of 50% of income between $30 and $80; no exemption on income over $80 (maximum monthly exemption $55)	- the first $30 plus a monthly exemption of 50% of allowable income over $30; no exemption on income over $200 (maximum monthly exemption $115)	- monthly exemption of 50% of the first $80 (maximum monthly exemption $40)	- monthly exemption of 50% of the first $200 a month (maximum monthly exemption $100)
PRINCE EDWARD ISLAND	- 20% of wages is exempt for the first six months; 10% is exempt for the next six months; no wage exemption after a 12 month period - 50% of gross income from babysitting is exempt - maximum monthly exemption of $50 from income derived on an irregular basis		- no income exemption is allowed for beneficiaries who, previous to their application for assistance, were engaged in permanent and full-time employment or who have been employed or in receipt of Unemployment Insurance for a period of 12 consecutive months	
NOVA SCOTIA	- monthly deduction of $100 from gross wages; 75% of remainder is treated as income	- monthly deduction of $200 from gross wages; 75% of remainder is treated as income	- $50 monthly exemption (Halifax rate; each municipality sets its own rate)	- $100 monthly exemption (Halifax rate)
NEW BRUNSWICK	- monthly deduction of $150	- monthly deduction of $200	- monthly deduction of $150 plus an additional monthly amount of $250 for a period of two months	- monthly deduction of $200 plus an additional monthly amount of $200 for two months and $100 for the third month

[1]These exemptions do not apply to income from self-employment.
[2]Some provinces have special exemption levels for disabled recipients that are different from those indicated here.

TABLE 4 (cont'd)

EARNINGS EXEMPTION LEVELS
AS OF DECEMBER 1986

	UNEMPLOYABLE		EMPLOYABLE	
	SINGLE PERSON	FAMILY	SINGLE PERSON	FAMILY
QUEBEC	- monthly exemption of the lesser of $25 or 6% of gross monthly income - additional $25 flat rate exemption	- monthly exemption of the lesser of $25 or 6% of gross monthly income - additional $40 flat rate exemption plus $5 per dependent child	- same as unemployable category	
	- 60% of gross income from babysitting can be deducted from expenses			
ONTARIO	- monthly exemption of first $75 - additional exemption equal to 50% (maximum $50) of the amount by which gross monthly income exceeds allowable exemptions	- monthly exemption of first $100 - additional monthly exemption of $40 for sole support mothers - additional exemption equal to 50% (maximum $50) of the amount by which gross monthly income exceeds allowable exemptions	- maximum monthly exemption of $50 plus additional earnings	- maximum monthly exemption of $100 plus 25% of additional earnings - exemption of up to $190 may be allowed for a single-parent family for work-related and other expenses
MANITOBA	- the greater of income up to $50 a month or $.70 for each hour worked per month or 30% of gross monthly earnings is exempt		- each municipality establishes its own wage exemption policies; Winnipeg allows a monthly earnings exemption of $100 with additional work-related exemptions granted at discretion of the Director. The province allows additional exemptions for work-related expenses.	
SASKATCHEWAN	- monthly exemption of the greater of $50 or 25% of the amount of basic assistance entitlement (excluding work-related special needs) if recipient had no income	- monthly exemption of $100 or 25% of the amount of basic assistance entitlement (excluding work-related special needs) if recipient had no income	- same as unemployable category	

TABLE 4 (cont'd)

EARNINGS EXEMPTION LEVELS AS OF DECEMBER 1986

	UNEMPLOYABLE		EMPLOYABLE	
	SINGLE PERSON	FAMILY	SINGLE PERSON	FAMILY
ALBERTA	- 100% exemption on earnings of up to $115 per month - 50% exemption on earnings between $116-$200 a month - 25% exemption on earnings between $201-$300 a month - 10% exemption on earnings over $300 a month		- earnings exemptions do not apply to persons who apply for social assistance on a one month basis	
BRITISH COLUMBIA	- monthly exemption of up to $50	- monthly exemption of up to $100	- 25% of earnings in addition to appropriate flat-rate ($50 or $100) exemption; no earnings exemption is granted until a recipient has been in continuous receipt of assistance for three consecutive months[1]	
YUKON	- monthly exemption of $25 for individuals permanently excluded from the labour force	- monthly exemption of $50 for individuals permanently excluded from the labour force	- same as unemployable single	- same as unemployable family
MANITOBA	- the earnings exemption allowed on net income is the greater of: i) - 50% of the net part-time earnings of the applicant, spouse and dependent children not attending school but not exceeding 25% of the total basic welfare entitlement or ii) - $ 5 per month for a single person - $10 per month for a family of two - $15 per month for a family of three or more			
NORTHWEST TERRITORIES	- monthly exemption of $50	- monthly exemption of $100	- same as unemployable single	- same as unemployable family

[1]Unemployable recipients except those over age 65 may choose to be classified as employable if they would benefit from the increased earnings exemption.

according to the source of the income - that is, whether it has been derived from babysitting, a training program, self-employment, farm-related employment or other type of occupation.

For purposes of cost-sharing under the Canada Assistance Plan, the maximum amount of monthly net earnings which can be exempted by provinces is the greater of $95, or 25 percent of the amount of social assistance plus the Family Allowance and Child Tax Credit benefits to which the household would be entitled if it had no income. As in the case of the liquid asset exemption guidelines, most provinces permit the retention of an amount less than the Guidelines actually allow.

Two provinces recently took positive steps to support the work-related efforts of employable welfare recipients. New Brunswick has raised its earnings exemption guidelines for recipients assessed as having very high employment potential and as being highly likely to attain long-term employment. As of November 1986 and until October 1988, the earnings exemption level is increased by an additional monthly amount of $250 for a period of two months for a single person and by an additional monthly amount of $200 for two months and $100 for the third month for a family.

Effective September 1, 1986, a single able-bodied employable recipient in British Columbia may be allowed to retain 25 percent of net earnings **over and above** the flat rate monthly exemption of $50. A household consisting of a recipient and one or more dependents, none of whom is disabled and at least one of whom is employable, may be allowed a monthly exemption of $100 **plus** 25 percent of net earned income of the family unit. In addition, the waiting period for eligibility for the earnings exemption has been reduced from eight months to three months. As a result, British Columbia has now moved beyond the cost-sharing guidelines set out under the Canada Assistance Plan.

Unemployable recipients in British Columbia except those over age 65 may choose to be classified as employable if they would benefit from the increased earnings exemption. They must, however, accept the rates and conditions which apply to employable individuals. Single parents who go off welfare because they have found a job will continue to receive health service benefits for up to a year. Disabled individuals who find work receive health-related and other benefits indefinitely.

These modified earnings exemption policies are intended to encourage employable welfare recipients to earn as much income as possible from employment, thereby enhancing their job skills as well as their chances for obtaining steady work. Increased opportunities for work experience are expected to help them become self-supporting and reduce their dependence on welfare.

The Nova Scotia earnings exemption guidelines are also generous in relation to the Canada Assistance Plan guidelines and are intended to provide an incentive to work.

Calculating the Budget Deficit

The way the needs test works is best illustrated through example. If a family of four (two parents and two children) applies for social assistance, its 'categorical need' is first established. That is, the family's employability potential is determined. This categorization, in turn, determines how the family's 'net worth' in terms of liquid and fixed assets is calculated.

Once its categorical need is decided, the value of a family's liquid and fixed assets is ascertained to ensure that these do not exceed the maximum allowable levels set out in the provincial rules. If its assets are lower than the permitted amounts, then the family may be eligible for assistance if it qualifies on the basis of a needs test.

In a needs test, the family's need for basic living items - food, clothing, personal allowances, shelter and utilities - is first determined. There are certain maximum allowable amounts which provinces set for each of these items. Actual amounts are paid for housing up to designated levels. Some provinces, such as New Brunswick, use a 'pre-added' budget approach in which specific sums are designated on the basis of family size.

In this hypothetical case, the following amounts might be allowed for basic needs:

NEEDS	MAXIMUM MONTHLY AMOUNT
Food	$ 395
Clothing	80
Personal	52
Household	20
Shelter	405
Utilities	55
TOTAL NEEDS	$1,007

The total monthly need of this family would be deemed to be $1,007.

The welfare department would then determine the amount of resources that the family has available to pay for these basic needs. Resources include pensions and government transfers as well as earned income.

This family would receive the federal Family Allowance and Child Tax Credit ($1,368 in 1986 including the $300 pre-payment made in November 1986 for the 1986 tax year). Both transfers would be exempt from

consideration as income except in Saskatchewan where the Family Allowance is counted as a personal resource.

If this family received some other form of payment, such as $200 a month from Workers' Compensation, that amount would be included as income available to offset need. Finally, earned income is taken into consideration. In this case, one parent might earn $200 a month through occasional employment, $150 of which might be deemed as non-exempt income in that jurisdiction. (Some provinces do not allow the exemption of any earned income when establishing initial eligibility for assistance.) The total amount of resources available to this family would come to $350, which is the total of $200 from Workers' Compensation and $150 from earned income.

RESOURCES	MONTHLY AMOUNT
Family Allowance	exempt
Child Tax Credit	exempt
Workers' Compensation	$200
Employment Earnings	$150 ($50 exempt)
TOTAL RESOURCES	$350

The amount required for basic needs is then subtracted from the sum of the resources.

RESOURCES	minus	NEEDS	equals	BUDGET DEFICIT
$350	-	$1007		-$657

Because the remainder is a minus, this particular family is deemed to have a budget deficit of $657. It is the budget deficit which

establishes eligibility for assistance. The status of person or family 'in need' is thereby attained. Actual welfare rates are then calculated according to provincial scales and other eligibility criteria.

This family's needs might change at any time. If, for example, one of the children moved out of the home, the needs of the family would decrease because it would no longer be a four-person household. The family would require less money for food, clothing and personal allowances and might even move to smaller accommodation. Conversely, its needs might increase if a special situation arose such as a health-related problem, a funeral or a home repair emergency. Such special circumstances would change the family's total need and its welfare payments might be modified depending upon the rules in that particular province or territory. Once eligible for basic assistance, the family would also benefit from non-cash health and other services.

The Impact

Inequities

There is no interprovincial consistency with respect to the definitions of 'basic need' and 'special need'. The fact that each jurisdiction has the authority to define need and to set corresponding levels of benefit has resulted in disparities throughout the country in the rates of social assistance. This differential is highlighted in the chapter on Rates of Assistance.

In the area of special needs, all assistance is provided on a discretionary basis. Municipalities in the two-tier provinces decide whether or not to make available special assistance. If they do, welfare workers in local offices are required to assess whether or not applicants are entitled to special assistance.

As pointed out in the chapter on Complex Rules, case-by-case deliberation ensures flexibility and allows the welfare system to respond to the unique circumstances of each individual or family. At the same time, however, discretionary decisions can result in serious inequities. Two workers may judge a given situation in entirely different ways. Recipients with similar needs may not receive comparable levels of benefit.

An important but unanswered question is whether people are aware of the special needs allowances to which they may be entitled. It is difficult to determine how explicitly welfare recipients throughout the country are informed of the various circumstances that constitute a special need. It is impossible to know which benefits are provided automatically and which are given on a 'squeaky wheel' basis.

Disparities are particularly acute in the two-tier provinces of Nova Scotia, Ontario and Manitoba. Because municipalities in these provinces are responsible for the administration of social assistance, there can be large differences within the same provinces. In Ontario, for example, municipalities have no discretion in setting benefit rates for basic needs but they are free to determine whether and to what extent they will provide special assistance.

Renfrew, Ontario, for example, is one town which provides no special assistance. Even health-related needs such as surgical and dental items which can be considered essential are not eligible for coverage.

Dependence

Stringent asset requirements, in particular, reduce applicants to a state of impoverishment before they are considered eligible for income assistance. They are allowed to retain only minimal assets.

Ironically, exemptions for the cash value of life insurance and for burial expenses make death the only eventuality for which recipients in some provinces can legitimately save!

The rules pertaining to assets make it difficult for welfare recipients to become self-supporting. Under the fixed asset limitations, individuals must often divest themselves of the tools or machinery they require to become independent. A Manitoba study reported cases of fishermen who were required to sell their boats and fishing equipment in order to support themselves. Rural applicants had to sell their cars needed for transportation to work.[10] This likely happened at the municipal level as it is not provincial policy to require that cars needed for employment-related purposes be sold.

In one Ontario case, a welfare applicant possessed livestock worth $2,000 and other farm animals and equipment whose value was greater than the allowable limits. Although the individual was in need, he was considered to be ineligible for social assistance until such time as he converted his assets to cash to be used for his maintenance.[11] It is unfortunate that the discretion afforded to administrators was not used to help this person.

A more logical response would have been to allow the applicant to retain his means of livelihood and gradually deduct from his entitlement the income acquired from his assets. In this way, he would have been assisted during a time of financial difficulty and supported in his return to work. The effect of the rules, however, was to discourage self-sufficiency and reinforce his dependence upon the welfare system. Fortunately, most jurisdictions now recognize the importance of exempting the value of tools or equipment required for farming, fishing and other forms of self-employment.

These cases refer to isolated incidents. Yet as 'private troubles', they are illustrative of a larger public issue. The rules of the game can inadvertently create dependence upon the welfare system. It is also impossible to know the extent to which other welfare recipients may have experienced similar problems that have gone unnoticed or unreported.

The fact that many provinces tax back the greatest part of recipients' earnings also acts as a disincentive to work. Minimal exemptions are quickly eaten up by work-related costs such as transportation, babysitting expenses, clothing and meals. After these items are paid, recipients are often left with little more than their basic welfare allowance.

In an attempt to resolve this disincentive effect, all jurisdictions provide special assistance for work-related expenses. Surely, however, allowing recipients to retain greater amounts of their employment earnings would be more encouraging to them and less administratively complex than the current system which taxes back the earnings and then provides special assistance on a discretionary basis for work-related expenses. As described, New Brunswick and British Columbia have taken important steps in attempting to create an incentive to work by increasing their employment earnings exemption levels.

Poverty

Despite great interprovincial disparities, there is one striking but unfortunate area of national consistency. In all provinces, the definition of basic requirements is so stringent that the welfare benefit levels calculated according to these standards permit only an impoverished existence. After rents are paid from meagre shelter allowances, food money at best barely stretches until the end of the month and at worst runs out altogether. There is often not enough cash for adequate heating or for purchase of warm winter clothing.

Even small items which might minimally enhance the quality of a family's life such as a Christmas allowance or recreation monies for children are considered in most provinces to be items of special assistance and are not universally provided. British Columbia is one province which does, in fact, provide a Christmas allowance. As of December 1986, the amount of the allowance was $28 for an individual receiving social assistance or $70 per family. The Yukon Territory and the city of Winnipeg also pay a Christmas allowance.

Most jurisdictions - Nova Scotia, Prince Edward Island, Manitoba, Saskatchewan, Ontario, British Columbia and the Yukon - provide special assistance for education-related expenses. These are intended to cover the cost of items such as supplies, school activities, gym clothing and transportation. Newfoundland provides free textbooks where required. Alberta allows small amounts for recreation allowances for children; British Columbia provides a camp fee allowance in specified circumstances.

These provinces are to be commended for recognizing that families do incur extra costs for activities related to education and to normal childhood development. The question arises, however, as to why items required by all families with children are considered as special or exceptional items rather than basic needs.

All jurisdictions provide financial subsidies to assist welfare recipients and low-income earners with the cost of day care services. Yet only a few provinces recognize the needs of all parents, including those who stay at home, for occasional respite.

The Yukon Territory is one of the few jurisdictions that provides an allowance for babysitting expenses. Up to $6 a week may be added to the budget of recipients, particularly single parents, to allow them occasional relief. British Columbia assists with babysitting services primarily for

work-related purposes but there are recipients who are allowed to use the service for respite. It is unfortuate that there is not greater recognition of the positive impact that this type of relief can have upon the mental health of recipients and the quality of their family life.

Similarly, a telephone is considered to be an item of special need in most provinces. An allowance for this purpose can be provided only if there is just cause.

Recipients of municipal social assistance in Halifax are entitled to a telephone for medically proven health reasons or where isolation of the parent or family might lead to a high risk of child abuse. Allowances for this purpose are reviewed twice a year. In Alberta, telephone rentals may be authorized for medical reasons or for up to three months for recipients seeking employment or training. Manitoba also provides a telephone for medical or employment-related reasons.

Prince Edward Island will pay the costs of a telephone if it is already in the home. The costs of telephone installation and maintenance are provided when persons who do not have telephone service require it for health or safety reasons. They would also qualify if they are single parents. The approval of a welfare worker is required.

In contrast to these provinces, Saskatchewan includes a small telephone allowance within basic expenses. Shelter allowances in British Columbia allow for the inclusion of a telephone in the calculation of rent. This example illustrates the great variability among jurisdictions in their interpretation of situations of need. It also indicates that items which most Canadians consider to be essential and basic for daily living are provided for welfare recipients often under special circumstances only.

Transportation is another item of special need. Many provinces provide transportation allowances for certain purposes such as job-seeking, medical appointments or travel to a day care centre. In Nova Scotia, however, a monthly allowance of $16 for routine transportation is built into the rate structure for recipients of Family Benefits assistance only. Once again, most jurisdictions treat such a basic item as travel as an exceptional need subject to administrative approval.

In short, recipients must go 'cap in hand' to the welfare department for most human needs beyond absolute physical subsistence. This can be a humiliating process which often strips them of their dignity. Impoverishment can also have the effect of trapping individuals into a 'welfare cycle' by depriving them of the means they may require to improve their circumstances. Children suffer most because they have little opportunity for special learning, cultural or recreational experiences.

One of the problems inherent in this 'system-induced' poverty is that provinces' hands are, to a large extent, tied by the Canada Assistance Plan. The Plan defines 'basic requirements' as food, shelter, clothing, fuel, utilities, household supplies and personal requirements. While the regulations under the Canada Assistance Plan include recreation in the definition of 'personal requirements', the latter do not include educational needs or babysitting monies for occasional respite for parents.

Finally, it seems especially unfair that certain jurisdictions do not exempt the value of Family Allowances or the Child Tax Credit. The purpose of the latter benefit, in particular, is to help low-income families provide food, clothing, educational opportunities and other essentials for their children. Including the value of this benefit in the calculation of recipients' resources defeats the purpose of targetting assistance toward families which need it most.

The Working Poor

In most provinces, the working poor - that is, individuals and families who get most of their low incomes from employment earnings - may receive some social assistance if, on the basis of a needs test, their needs exceed their resources. However, very few working poor Canadians actually get welfare benefits.[12] Less than ten percent of the welfare caseload is made up by the working poor.

One of the factors that accounts for this small percentage is the needs testing requirement which takes into account the resources available to meet individual or family need. Despite the fact that the earnings of the working poor are below the poverty line, their incomes may not be low enough to result in a budget deficit when the needs assessment is conducted.

The working poor may qualify for extra financial aid for special needs. Often, however, they are not aware that they can even apply for such assistance. Because special assistance is provided on a discretionary basis, low-wage individuals or families may or may not receive the help they need.

There are also anomalies within particular welfare systems that result in inequities and affect especially the working poor. The province of Ontario, for example, has two optional forms of aid which municipalities may provide over and above basic assistance.

Municipalities **may** offer **supplementary aid** which is intended to help recipients of government benefits - namely Family Benefits Benefits, Old Age Security and the Canada Pension Plan - pay for extra-ordinary needs such as excessive shelter costs. **Special assistance** is extra financial aid for special needs that **may** be provided at the discretion of each municipality to individuals who are in receipt of short-term welfare benefits or to families whose budgetary requirements

exceed their income by reason of financial hardship. The working poor could be eligible for special assistance in those municipalities which provide this form of aid.

What is curious about the Ontario system is that the province reimburses municipalities for 80 percent of the monthly amounts expended for supplementary aid. The province, in turn, receives 50 percent of these costs from the federal government. Yet the province makes no contribution to municipalities for the costs incurred in providing special assistance; only 50 percent of the expenditure for special assistance is reimbursed by the federal government. There is no doubt that this discrepancy in reimbursement discourages municipalities from providing the latter type of assistance. The working poor are hit hardest by this provision because they are the ones who are often in need of income supplementation in the form of special assistance.

Ontario's working poor face even further obstacles. Single parents who are regularly employed for more than an average of 120 hours a month over four consecutive months do not qualify for Family Benefits. In addition, prior to 1984, General Welfare (municipal, short-term assistance) rules prohibited any head of a family with or without children to be engaged in regular, full-time employment. In practice, this meant that male family heads who had full-time jobs were not eligible for income assistance.

In November 1984, the province changed its regulations to remove what was seen to be a discriminatory practice. The change allowed for complete flexibility in determining who the head of the family might be: the municipality may decide, the municipality may decide or allow the family to decide, or the family alone may decide who is the head of that family. The result of the change is that many municipalities now allow the spouse of the fully employed individual to be designated as the family head and thereby apply for municipal assistance. In fact, the majority of

the population in Ontario now resides in municipalities which allow such applications. In the remaining municipalities, however, working poor families, no matter how low their earnings, are still ineligible for social assistance.

Only Quebec, Manitoba and Saskatchewan have in place general programs of income supplementation for individuals or families whose incomes fall below certain levels. These persons qualify for income supplementation because they have **low income** and are therefore deemed to be in need of financial help. They do not have to demonstrate the extent or type of their need through a needs test.

The following are proposals to reduce inequity and promote adequacy in welfare systems throughout the country. We recommend:

15. That the federal government broaden the definition of 'basic requirements' provided in the Canada Assistance Plan Act and Regulations.

16. That provinces employ a broader interpretation of 'basic needs' to allow for the inclusion of necessities such as a telephone, funds for transportation, occasional babysitting monies, and educational and recreation allowances for children.

17. That provinces provide all applicants deemed eligible for assistance with a written explanation as to how their benefits have been calculated and how they can initiate a case review if they are dissatisfied with the amount granted.

18. That provinces increase their liquid asset exemption levels to approach more closely the amounts allowed under the Canada Assistance Plan Liquid Asset Exemption Guidelines.

19. That in order to ensure that the full benefit of federal programs is received, the province of Saskatchewan follow the practice of other provinces in exempting the value of the federal Family Allowance in the calculation of resources available to welfare recipients.

20. That provinces disallow the practice of treating the Child Tax Credit as available income.

21. That provinces exempt the federal Sales Tax Credit in the calculation of resources available to welfare recipients.

22. That provinces continue to increase their earnings exemption levels to approach more closely the amounts allowed under the Canada Assistance Plan Earnings Exemption Guidelines in order to encourage social assistance recipients to seek and maintain employment.

23. That provinces remove the disparities in earnings exemption levels for employable and unemployable persons and, in Quebec, for persons under age 30 and over age 30.

24. That the federal and provincial governments explore possible avenues for providing income supplementation for the working poor.

CHAPTER 3

RATES OF ASSISTANCE

"Welfare presently allows $80 a month for rent. You cannot find accommodation for less than $200, so you pay the difference from your welfare cheque. The same goes for food; you keep hearing on television or reading in the newspapers that inflation rose by only three percent this month. But welfare payments don't rise. They don't follow the cost of living increase. Instead of rising with the cost of living, they keep losing ground. So what happens? Your telephone bill hasn't been paid for three months, hydro will be two months behind, and heating will have to wait for next winter to be paid because you just couldn't make ends meet this winter."

The Issue

Rates of social assistance fall well below the poverty line.

The Problem

Welfare Rates

The chapter on Needs Testing described how social assistance benefits are calculated. The allowance payable to welfare recipients is the total of the various amounts designated for basic needs including food, shelter, utilities and clothing minus the personal resources available to those individuals or families.

The discussion on Needs Testing highlighted the fact that the basic needs package consists of only the most rudimentary of items. Many provinces do not regard a telephone, educational or recreational needs of children, or occasional babysitting monies as subsistence requirements. requirements. The skeletal definition of what is considered to be essential' results in meagre basic needs allowances.

The figures presented in Table 5 (pages 65 to 72) represent the rates of social assistance for basic needs for three typical welfare households: a single person between the ages of 19 and 25, a single parent with a child aged two, and a two-parent family with two children aged 10 and 15. Because of the complex rules governing the determination of benefits in each province, this table was very difficult to construct and the figures should be understood as estimates rather than actual amounts. It is important to note, as well, that a number of assumptions had to be made in order to calculate these welfare incomes.

First, the young single person was considered to be employable and therefore eligible for short-term assistance only. The single-parent family was deemed to be unemployable; benefits for this family type were calculated on the basis of long-term rates. In Alberta and British Columbia, however, short-term rates of assistance were used because in these provinces single parents are considered employable if an only child is older than four months and six months, respectively. Single parents in New Brunswick were treated as if they were in a job training or upgrading program.

The two-parent family, for the purposes of these calculations, was classified as employable because it was presumed that there were two able-bodied spouses. A family with a disabled parent and young children would likely have qualified in most jurisdictions for long-term assistance which pays higher benefit levels.

The rates indicated on the table represent the amounts provided for basic assistance only. Many individuals or families receive higher levels than those shown because they qualify for extra assistance on the basis of their special needs. For example, they may have a particular health-related problem, they may be seeking employment or they may have experienced an emergency, all of which may entitle them, depending upon the jurisdiction, to more assistance than that indicated in Table 5. In this sense, our figures can be understood as **minimum** amounts.

At the same time, however, these figures are **maximum** amounts in that they have been calculated according to the maximum levels that provinces will allow for basic needs. It is highly likely, then, that the numbers represent greater amounts than the majority of these welfare recipients actually get. In Ontario, for example, the maximum shelter subsidy has been built into the rates provided in the table. In fact, however, only a small percentage of social assistance recipients who receive a shelter subsidy in that province actually get the highest level.

The rates of assistance shown for single employable persons in Prince Edward Island also overestimate the amounts that the majority of such individuals actually receive. Approximately 90 percent of single employable persons in that province live in room and board situations and would therefore not be eligible for the maximum shelter allowance that has been built into the calculations in Table 5. Many, in fact, receive only one-half the amount presented in the table.

Maximum shelter allowances have been employed for all provinces to ensure the consistency of the data contained in Table 5. We have used maximum rates of assistance for basic needs items in our calculations to illustrate that the total of even the maximum amounts falls well below the poverty line.

Several other assumptions were made. The poverty line is the Statistics Canada 'low income cut-off' for the largest city in each province.[13] The social assistance rates are also those for the largest city in the province. These benefits, then, do not necessarily reflect what recipients in other parts of that province might receive.

Manitoba, for example, is divided into 202 municipalities, each of which sets its own levels of short-term assistance. The amounts outlined in the table are for Winnipeg only. Other jurisdictions, such as the Northwest Territories, employ a scale of rates depending upon the location and degree of isolation of the town or settlement.

The Northwest Territories has not been included in these calculations because estimates of the shelter component of the basic needs allowances could not be obtained. The Territories pays actual rates of shelter which, in some cases, are quite low if the recipients are public housing tenants. In other cases, shelter rates can be quite high if the recipients are, for example, a large family renting an apartment.

We recognize the problems inherent in comparing social assistance rates with the poverty line. The former represents a composite of individual amounts designated for basic needs. The poverty line is set at a level where, on average, 58.5 percent of income goes to the essentials of life. By definition alone, then, rates of assistance will always be lower than the poverty line.

Yet we feel the comparison between welfare rates and the poverty line is still valid for two reasons. First, the value of the rates of social assistance becomes more clear when examined in **relative** terms - that is, when compared to some standard measure. Second, examining social assistance rates against the poverty line provides some indication of the **depth** of poverty or the extent to which these rates fall below the low income cut-off.

In all instances, the welfare recipients in Table 5 were assumed to be tenants rather than property owners or boarders. Allowances for utilities were included in the shelter rates or added as a separate component depending on the jurisdiction. It should be noted that all utility rates in Alberta are subsidized.

Welfare benefits were calculated on the basis of the amounts to which these recipients would have been entitled in 1986 because provinces will change their rates at varying times throughout 1987. In some cases, there may be no increase at all. Where jurisdictions changed their rates in the middle of 1986, the higher rates were built into these calculations on a prorated basis.

For example, British Columbia increased its welfare rates on October 1, 1986. The amounts indicated in Table 5 were calculated for that province by employing the old rates for the first nine months of the year and the new rates for the last three months of the year. Similarly,

Prince Edward Island changed its rates on July 1, 1986. The figures in Table 5 were calculated for that province on the basis of the old rates for the first six months of the year and the new rates for the remaining six months.

In addition, Prince Edward Island provides a clothing allowance only after individuals have been in receipt of assistance for three consecutive months. This factor was taken into account by including, in the cases of the short-term recipients, an amount for clothing for nine months only. Special rules of this nature which arise in several provinces were incorporated into our calculations.

In the cases of recipients with children, the federal child benefits (Family Allowances and the Child Tax Credit) to which they were entitled have been included as part of their total income for 1986. The amount of the Child Tax Credit is based on what families would **actually** receive in 1986. It therefore includes the full amount of the Credit for the 1985 taxation year as well as the $300 per child pre-payment for 1986, paid in November of 1986.

Family Allowances were included as part of income for families in Saskatchewan. However, their value has been deducted from social assistance rates; Saskatchewan is the only province which does not exempt the value of this benefit. The provincial Child-Related Income Support Program in Manitoba is already incorporated within Manitoba's provincial welfare rates as is the Family Income Program in Saskatchewan.

In addition to the two federal child benefits, tax credits which some provinces provide have been added at their maximum allowable levels to the social assistance payments. These credits include the Property Tax

Credit in Quebec, the Sales Tax and Property Tax Credits in Ontario, the Property Tax and Cost of Living Tax Credits in Manitoba, and the Renter Assistance Credit in Alberta. Their value has been calculated on the basis of recipients' net income in 1985.

The rates presented in the table do not include, however, supplementary benefits such as health insurance premium exemptions to which recipients in Ontario, Alberta and British Columbia may be entitled. The figures also do not reflect the fact that some individuals and families receive services 'in kind' which effectively lower their living costs. In Ontario, for example, approximately one-third of single mothers live in public housing. Finally, the recipients are presumed to have no other resources such as liquid assets or earned income available to meet their basic needs; their income consists solely of welfare, federal child benefits and provincial tax credits.

In addition to the general assumptions outlined above, a number of specific assumptions were made in determining the rates of assistance for particular provinces. These assumptions are indicated in the appropriate place on the table.

Table 5 clearly indicates that, although basic welfare benefits have been calculated at their maximum levels and other federal and provincial transfers and tax credits have been included, the income levels of all the welfare recipients shown fall thousands of dollars below the poverty line. The welfare incomes range from a low of 23 percent of the poverty line to a high of 85 percent of the poverty line. Welfare payments to disabled persons are not included because of the difficulty in determining the levels of benefit which are based on the nature and degree of the specific disability and the associated extra costs.

It is only in the Yukon Territory that the total annual incomes of welfare recipients have not been presented as a percentage of the

poverty line. The reason is that the Statistics Canada low income cut-offs are not applicable to the Territories because they do not take into account the higher costs paid by Canadians living north of 60. Using the low income lines in Table 5 would have provided an inaccurate representation of the actual poverty gap in the Yukon.

Table 5 also makes clear that it is those individuals considered to be employable who are most severely treated under the current welfare system. In most provinces, the benefits for applicants deemed able to work are calculated according to a set of rates which are generally lower than the maximum amounts designated for the needs of long-term recipients.

In some jurisdictions, employable individuals become eligible for a given allowance only after a certain period of time. The previously discussed clothing allowance in Prince Edward Island is one such example. Up until November 1986, only recipients of Family Benefits in Ontario were eligible for the winter clothing allowance for dependent children.

TABLE 5

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD AND PROVINCE, 1986

General Assumptions

-The young single person is considered employable and therefore eligible for short-term assistance.

-The single-parent family is deemed unemployable. Benefits were calculated on the basis of long-term rates except in Alberta and British Columbia where single parents are considered employable if an only child is older than four months and six months, respectively. The single parent in New Brunswick is considered a participant in a job training or upgrading program.

-The two-parent family is classified as employable because it is presumed that there are two able-bodied spouses.

-The social assistance rates represent the amounts provided for basic assistance only. The figures have been calculated according to maximum levels provinces allow for basic needs.

-The social assistance rates and poverty line are for the largest city in each province.

-Welfare recipients are assumed to be tenants rather than property owners or boarders.

-Rate increases that took effect at some time in 1986 were built into these calculations by prorating the data.

-Rates of assistance do not include supplementary benefits such as health premium exemptions.

TABLE 5

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD AND PROVINCE, 1986

	Social Assistance	Additional Benefits [1]	Family Allowance	Child Tax Credit	Provincial Tax Credits	**Total Annual Income**	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND									
Single Employable	3,389	-	-	-	-	**3,389**	10,117	-6,728	33.5%
Single Parent, One Child, Age 2	8,496	-	379	684	-	**9,559**	13,340	-3,781	71.7%
Couple, Children Ages 10 and 15	9,828	-	758	1,368	-	**11,954**	20,590	-8,636	58.1%
PRINCE EDWARD ISLAND [2]									
Single Employable [3]	6,294	-	-	-	-	**6,294**	8,775	-2,481	71.7%
Single Parent, One Child, Age 2	8,676	-	379	684	-	**9,739**	11,548	-1,809	84.3%
Couple, Children [3] Ages 10 and 15	12,714	-	758	1,368	-	**14,840**	17,905	-3,065	82.9%
NOVA SCOTIA									
Single Employable [4]	4,626	-	-	-	-	**4,626**	10,117	-5,491	45.7%
Single Parent, One Child, Age 2	8,011	-	379	684	-	**9,074**	13,340	-4,266	68.0%
Couple, Children Ages 10 and 15 [4, 5]	9,643	-	758	1,368	-	**11,769**	20,590	-8,821	57.2%

TABLE 5 (cont'd)

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD AND PROVINCE, 1986

	Social Assistance	Additional Benefits	Family Allowance	Child Tax Credit	Provincial Tax Credits	**Total Annual Income**	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEW BRUNSWICK									
Single Employable[6]	2,280	-	-	-	-	**2,280**	10,117	-7,837	22.5%
Single Parent, One Child, Age 2[7]	6,848	-	379	684	-	**7,911**	13,340	-5,429	59.3%
Couple, Children Ages 10 and 15[8]	7,408	-	758	1,368	-	**9,534**	20,590	-11,056	46.3%
QUEBEC									
Single Employable[8]	2,052	-	-	-	348[9]	**2,400**	10,653	-8,253	22.5%
Single Parent, One Child, Age 2	7,428	300[10]	341	684	348[9]	**9,101**	14,055	-4,954	64.8%
Couple, Children Ages 10 and 15	10,020	70[11]	927	1,368	348[9]	**12,733**	21,665	-8,932	58.8%
ONTARIO[12]									
Single Employable	4,828	-	-	-	301[13]	**5,129**	10,653	-5,524	48.1%
Single Parent, One Child, Age 2	8,756	80[14]	379	684	350[13]	**10,249**	14,055	-3,806	72.9%
Couple, Children Ages 10 and 15	10,832	220[15]	758	1,368	382[13]	**13,560**	21,665	-8,105	62.6%

TABLE 5 (cont'd)

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD AND PROVINCE, 1986

	Social Assistance	Additional Benefits	Family Allowance	Child Tax Credit	Provincial Tax Credits	**Total Annual Income**	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
MANITOBA [16]									
Single Employable [17]	4,541	10 [18]	-	-	538	**5,089**	10,653	-5,564	47.8%
Single Parent, One Child, Age 2	7,111	-	379	684	751	**8,925**	14,055	-5,130	63.5%
Couple, Children Ages 10 and 15 [17]	11,098	28 [18]	758	1,368	786	**14,038**	21,665	-7,627	64.8%
SASKATCHEWAN [19]									
Single Employable	4,260	-	-	-	-	**4,260**	10,117	-5,857	42.1%
Single Parent, One Child, Age 2 [20]	8,741	-	379	684	-	**9,804**	13,340	-3,536	73.5%
Couple, Children Ages 10 and 15 [20,21]	12,262	-	758	1,368	-	**14,388**	20,590	-6,202	69.9%
ALBERTA [22]									
Single Employable [23]	5,688	-	-	-	374 [24]	**6,062**	10,653	-4,591	56.9%
Single Parent, One Child, Age 2 [25]	8,418	-	300	684	458 [24]	**9,860**	14,055	-4,195	70.2%
Couple, Children Ages 10 and 15	12,597	100 [26]	851	1,368	500 [24]	**15,416**	21,665	-6,249	71.2%

TABLE 5 (cont'd)

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD AND PROVINCE, 1986

	Social Assistance	Additional Benefits	Family Allowance	Child Tax Credit	Provincial Tax Credits	Total Annual Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
BRITISH COLUMBIA									
Single Employable	4,302	28 [27]	-	-	-	4,330	10,653	-6,323	40.6%
Single Parent, One Child, Age 2 [28]	7,728	70 [27]	379	684	-	8,861	14,055	-5,194	63.0%
Couple, Children Ages 10 and 15	10,503	148 [29]	758	1,368	-	12,777	21,665	-8,888	59.0%
YUKON [30]									
Single Employable	5,124	21 [31]	-	-	-	5,145			
Single Parent, One Child, Age 2	9,192	48 [31]	379	684	-	10,303			
Couple, Children Ages 10 and 15	14,088	69 [31]	758	1,368	-	16,283			
NORTHWEST TERRITORIES [32]									

NOTES TO TABLE 5

1. These refer to extra benefits such as back-to-school supplements provided to certain categories of welfare recipients.

2. While rates were increased effective July 1, 1986, the shelter component could not be prorated due to lack of information on shelter rates in 1985. The higher (1986) shelter rates were used for the entire year rather than for the six months during which they were actually in effect.

3. Welfare recipients in Prince Edward Island become eligible for a clothing allowance only after three consecutive months on assistance. The rates indicated incorporate this provision.

4. Employable individuals in Halifax become eligible for a clothing allowance only after they have been on assistance for one full calendar month. The rates indicated incorporate this provision.

5. Upon request, Halifax provides assistance for school supplies to families with school-age children. Because this assistance is not automatically provided, an allowance for school supplies has not been included in these rates.

6. The rates provided assume that the single employable person is not in a training or upgrading program but that the employable couple is participating in one of these programs. If this were not the case, the rates of assistance for the employable family would be much lower.

7. The rates of assistance for single parents have been calculated on the assumption that these parents are involved in an upgrading or training program. Higher rates of assistance would be provided if these parents were considered to be unable to work for an extended period of time.

8. A single employable recipient in a training or upgrading program may be eligible to receive a higher rate of assistance.

9. Maximum property tax credits have been assumed.

10. This is the Quebec Availability Allowance.

11. This amount represents a July allowance of $35 for each of the two children.

12. Ontario rates provided here include the maximum shelter subsidies.

13. Tax credits were calculated on the basis of the following rates: $330 for a bachelor apartment for the single employable person, $385 for a one bedroom apartment for the single-parent family and $458 for a two bedroom apartment for the couple with two children.

14. This is the winter clothing allowance.

15. This figure represents the combined amount of the winter clothing allowance and the back-to-school supplement. The latter is provided in Toronto and other municipalities while the clothing allowance is provided by all municipalities throughout the province.

16. Manitoba provincial rates already incorporate the Child-Related Income Support Program.

17. Employable recipients in Winnipeg (i.e., on short-term assistance) only become eligible for the clothing allowance in the fifth week assistance is given. The rates indicated in the table incorporate this provision.

18. The city of Winnipeg provides a Christmas allowance.

19. Family Allowance payments have been included as part of recipient income but have been **deducted** from the social assistance payments.

20. Shelter and utility rates for the families with children are based on actual average expenditures.

21. Families with school-age children may be eligible for extra funds to cover education-related expenses.

22. Employable recipients in Alberta become eligible for clothing and household allowances only after three months on assistance. The rates indicated incorporate this provision. The rates do not include the variety of special employment-related benefits to which employable recipients in Alberta may be entitled and thereby somewhat underestimate the total annual income.

23. In Alberta, single employable persons are generally provided with benefits for one month only; benefits are approved for a second month where circumstances warrant. It is likely, then, that few single employable individuals in Alberta would actually receive benefits for a 12-month period as implied by the 'annualized' rates in this table. The yearly rate was provided for purposes of consistency in presentation of the data.

24. Maximum amounts for shelter, fuel and utilities for 1985 were used to calculate the Alberta Renter Assistance Credit.

25. Single parents with one child over age four months are considered employable in Alberta. The rates provided here are for an employable single parent and are therefore lower than if this parent were considered to be unemployable.

26. This represents an allowance for basic school needs; we used the actual amount provided in Edmonton.

27. This amount is a Christmas allowance.

28. In British Columbia, a single parent with one child over age six months is considered employable. The rates provided here are for an employable single parent and are therefore lower than if this parent was considered to be unemployable.

29. This amount is the total of the Christmas allowance and school start-up fees.

30. Poverty line comparisons for the Yukon are not provided because the Statistics Canada low income cut-offs do not take into account the high basic living costs north of 60.

31. This amount is a Christmas allowance.

32. The Northwest Territories have not been included in this table because it was not possible to obtain average cost estimates for shelter rates in Yellowknife.

Indexation

That the levels of basic social assistance are extremely low is clearly apparent in Table 5. What is not immediately evident is the fact that the amounts which provinces allocate to individual items within the basic needs package are not automatically tied to the full increase in the cost of living. The exceptions are Quebec which adjusts assistance for ordinary needs at the beginning of each year in accordance with increases in Quebec Pension Plan benefit levels[14], and Nova Scotia which reviews Family Benefits on a semi-annual basis and raises the rates in relation to increases in the Consumer Price Index.

New Brunswick and Prince Edward Island make provision for examining rates of assistance each year but levels do not necessarily increase as a result of these reviews. Manitoba reviews its rates annually and has regularly increased its rates although there are no legislative provisions requiring annual review or indicating when and how rates are to be indexed. Most provinces, however, have no indexation provisions. Cost-of-living adjustments generally occur as a result of political expedience, tradition or lobbying by community groups. Table 6 indicates when the last change in the levels of basic allowances was made.

This table shows clearly the fact that there is great variability in the dates of last adjustment. Eight provinces - Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba and British Columbia - increased their social assistance rates at some time during 1986. Alberta changed its social assistance rates in 1985, Saskatchewan and the Yukon Territory in 1984, and the Northwest Territories in 1976 (although food allowances were increased in October 1986).

TABLE 6

LAST CHANGE IN RATES OF BASIC SOCIAL ASSISTANCE, AS OF DECEMBER 1986

Jurisdiction	Date
Newfoundland	April 1986 (basic social assistance) June 1986 (shelter rates)
Prince Edward Island	July 1986
Nova Scotia	June 1986 (Family Benefits) December 1986 (Halifax, for food and shelter allowances)
New Brunswick	September 1986
Quebec	January 1986
Ontario	January 1986
Manitoba	January 1986 (provincial social allowances) October 1986 (Winnipeg)
Saskatchewan	May 1984
Alberta	January 1985 (for the food component only; previous rate change was in July 1983)
British Columbia	October 1986
Northwest Territories	June 1976 (allowances for the food component were increased in October 1986)
Yukon	August 1984 (increases were in the allowances for food and clothing only)

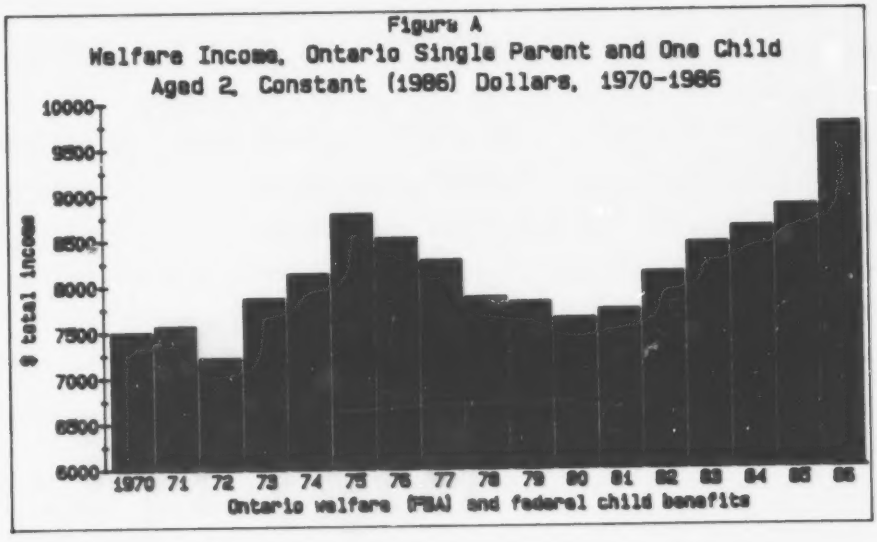
This ad hoc approach to indexation allows provincial authorities more flexibility in applying selective increases to particular componenets of basic assistance such as food or shelter and also allows for higher rate increases to specific categories of recipients such as disabled individuals. While irregular adjustment of benefits may serve the interests of the provinces, the practice has been seriously detrimental to welfare recipients.

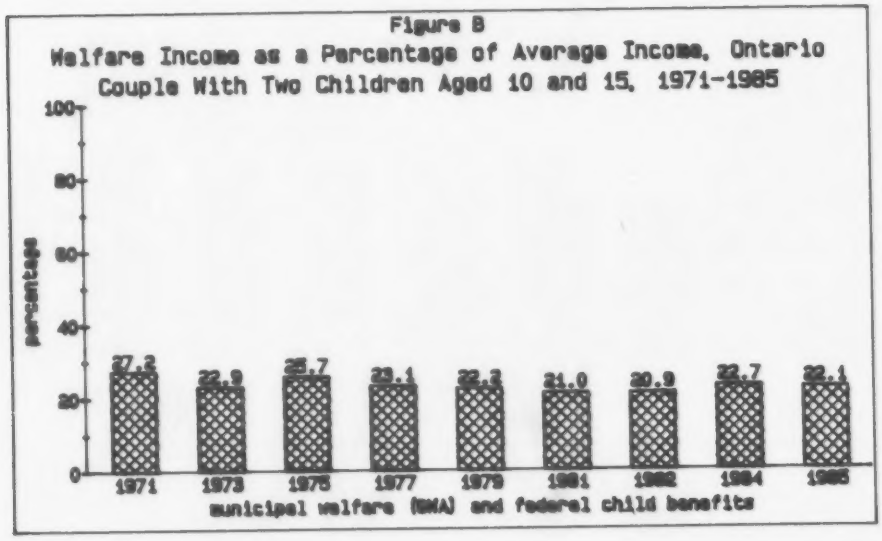
The failure to adjust welfare benefits to the cost of living has had a severe impact upon their purchasing power over the years. Figure A shows the real value of Ontario Family Benefits between the years 1970 and 1986 for a single parent and one child. The rates upon which these calculations are based incorporate maximum levels of shelter allowances as well as the Family Allowance and Child Tax Credit. The real value of the social assistance incomes was derived by expressing welfare and child benefit rates in constant (1986) dollars which take into account the effect of inflation on the value of money.

Figure A illustrates the roller-coaster pattern in the value of Ontario welfare incomes over the years. In 1970, social assistance benefits and the federal Family Allowances came to $2,324 which amounts to $7,494 in 1986 dollars. Welfare incomes fell to $7,214 in 1972, rose to $8,783 by 1975, but dropped substantially during the remainder of the decade to reach $7,631 in 1980.

Even though Ontario increased its welfare rates each year after 1973 and families benefitted by the introduction of the federal Child Tax Credit in 1978, high rates of inflation in the late 1970's badly eroded the incomes of welfare recipients. Since 1980, fortunately, inflation has come down and the Ontario government has significantly improved its welfare rates each year. In 1986, the single-parent family's total income from the Ontario and federal benefits came to $9,747, the highest level since 1970.

Figure B shows welfare incomes for a couple with two children (aged 10 and 15) as a percentage of the average income for an Ontario family of four from 1971 to 1985. The family receives municipal (GWA) welfare benefits and federal child benefits. Clearly welfare incomes fall far below average incomes, ranging from a low of 20.9 percent of average family income in 1982 to a high of 27.2 percent in 1971.

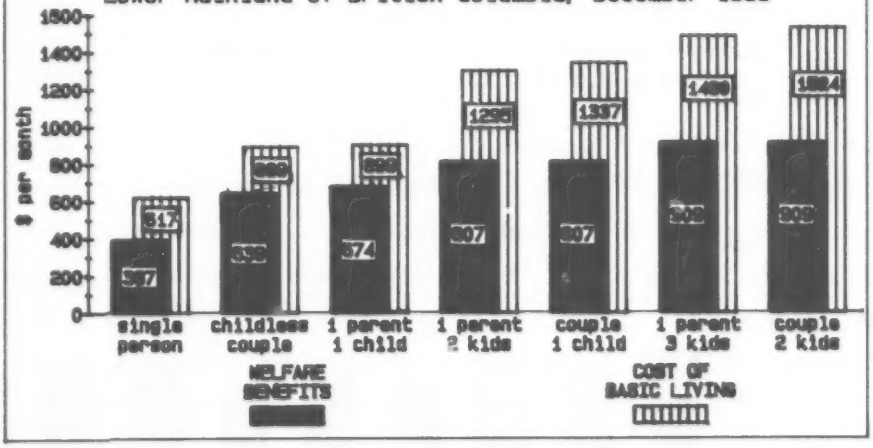




British Columbia announced a rate change in October 1986, the first increase since 1982. There had been no other increases after 1982 because welfare rates had outstripped inflation between 1979 and 1982. Total direct income assistance payments increased from $370 million to $800 million during these years.

A study of the adequacy of social assistance (GAIN) rates in British Columbia in December 1986 found a significant gap between welfare benefits and the cost of basic living.[15] The study calculated welfare benefits by taking the average of the maximum and minimum allowable rates for each type of household. The average cost of living is the mean of the most costly and least costly family expenditures for each household size. Figure C illustrates the gap between the average monthly cost of basic living (shown in the striped bars) and the average monthly welfare allowances for family units of one to four persons (shown in the dark bars). In each case, welfare rates fall short of the cost of basic living.

Figure C
Welfare Benefits and Average Monthly Cost of Basic Living, Lower Mainland of British Columbia, December 1986



When examined in relation to changes in the Consumer Price Index, the real value of welfare benefits in British Columbia decreased by 16 percent between 1982 and 1986 (even though they had outstripped inflation prior to this time). See Table 7.

TABLE 7

WELFARE BENEFITS, BRITISH COLUMBIA, EMPLOYABLE SINGLE MOTHER AND ONE CHILD AGE 2, 1982-1986

	current dollars	constant (1986) dollars
1982	$7,680	$9,177
1983	7,680	8,676
1984	7,680	8,314
1985	7,680	7,994
1986	7,728	7,728
percentage change 1982/1986		-15.8%

The evidence is indisputable. Whether measured against poverty lines, as percentages of average income or in relation to family expenditures, rates of social assistance are extremely low. Nor do they usually keep pace with the cost of living.

The problem of inadequate indexation is compounded by the fact that improvements in federal benefits such as the Child Tax Credit have an impact upon provincial rate changes. It appears that, in some jurisdictions, social assistance rates are not increased as much as they might be because recipients are getting more from the federal government.

This unwritten practice is unfair for several reasons. First, the practice effectively defeats the purpose of increasing federal benefits, which is to improve recipients' standard of living. The net result is a marginal rather than significant improvement in income. Second, recipients who do not have children and who are not eligible for child benefits are penalized because their welfare rates do not keep pace with changes in the cost of living.[16]

Retrenchment

Cutbacks in social service expenditures in some provinces have brought about retrenchment in the welfare system. Most seriously affected are the funds available for special needs. The amounts that families and individuals might receive for exceptional circumstances have been substantially reduced as have the numbers of persons qualifying for special assistance.

The 1983 cutbacks in social service spending in Alberta, for example, saw a 50 percent reduction in the monies allocated for special benefits such as payment for household appliances, home repairs, moving expenses and emergency accommodation. In the same year, New Brunswick eliminated its winter heating supplement and stopped the practice of subsidizing dental care for welfare recipients. The winter heating supplement was later reinstated after public outcry. In 1983, welfare 'reform' in Saskatchewan included setting maximum rent rates; in 1984, shelter rates for single employable individuals were standardized throughout the province at a monthly maximum of $200.

Some provinces have modified their eligibility criteria in order to disqualify entire groups of recipients from certain types of assistance. For example, policy changes instituted in Newfoundland in 1982 specified

that rent assistance no longer be provided to unwed mothers. In practice, however, assistance was and continues to be provided to these mothers. Assistance to able-bodied single persons and childless couples was to be kept to a minimum and made available only in cases of exceptional need. In changes made to the Saskatchewan Assistance Plan in March 1984, the maximum monthly welfare benefit to single employable persons was cut by $100.

As of June 1987, welfare payments to single employable short-term recipients in Alberta will be $326 a month, which represents a 26 percent cutback from the current rate of $441. Single 'long-term' recipients will have their welfare payments cut by 16.5 percent to $404 per month. For those on the caseload less than three months, the cuts are mainly in the shelter allowances where the maximum monthly allowable rate will fall from $290 to $180. There will be a $5 per month reduction for single employable and unemployable recipients resulting from the removal of the food adjustment allowance which is intended to compensate for individual recipients' inability to take advantage of 'bulk food' purchasing.

In times of high unemployment, swelling welfare rolls tend to drain social assistance budgets. Rather than channelling more funds into the social service 'envelope', some municipalities such as Ottawa-Carleton have responded by placing a ceiling on these expenditures. With a greater percentage of funds being directed toward basic allowances for larger numbers of persons, the slice of the pie available for special needs has become correspondingly smaller.

It was only as a result of community pressure and a pending civic election that Ottawa-Carleton decided in July 1985 to inject an additional $650,000 into the special assistance fund to help welfare recipients pay for essential appliances, dental work, eyeglasses and

prescription drugs. In early 1986, a newly-elected council attempted to cut $380,000 from the special assistance budget. While the council later backed down, it nevertheless called for an investigation of the regional social service department's expenditures.

Reductions in social service spending often affect more than just the welfare system. Related programs which are of great benefit to welfare recipients such as legal aid may also be cut. In 1984, Denticare, the low-income tax credit, the renter's tax credit and rent control were abolished in British Columbia.

An exception in the trend toward retrenchment is the province of Nova Scotia which has continued to index its rates on an annual basis. British Columbia will bring in a 10 percent increase in its rates of social assistance for all recipients except single employable persons.

Other positive developments have taken place in Ontario which, in 1986, announced a series of improvements to social assistance benefits. These measures include a five percent increase in allowances effective January 1, 1987 for all recipients, a five percent hike in maximum benefits under the shelter subsidy program, and a $16 increase in the portion of basic allowances for dependent children age 16 and older.

Other changes in Ontario include a $50 increase in the maximum discharge benefit for recipients leaving institutions and a $50 increase in the maximum monthly allowance for single employable people living as boarders. In addition, the annual benefit of $80 per child for winter clothing was extended to recipients of General Welfare Assistance, the short-term welfare program operated by municipal governments. Prior to the new policy, only recipients of provincial long-term assistance were entitled to this allowance.

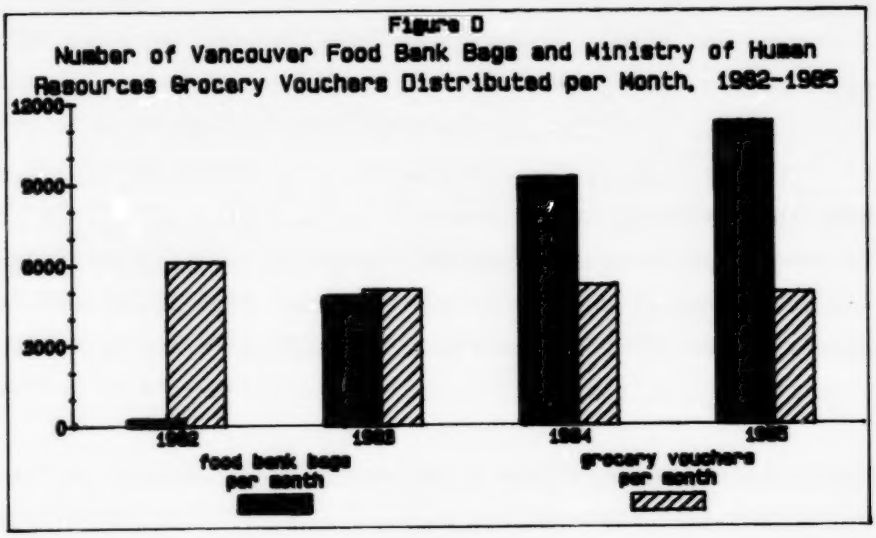
THE IMPACT

Poverty

It is impossible to describe in words alone the devastating impact of abysmally low rates of social assistance. No written account can even come close to portraying the damage to physical health and the scars to psychological well-being that can come from living at standards below those deemed absolutely minimal for basic subsistence. What can be said of a life which consists of a daily struggle merely to survive?

Housing costs consume a large portion of welfare recipients' income. In Ontario, for example, between 40 and 70 percent of the incomes of families on social assistance goes toward housing costs.[17] Many welfare recipients have barely enough money for food and other essentials. The phenomenal growth in the number of food banks in recent times is testimony to this fact.

The first food bank in Canada was set up in Edmonton in 1981.[18] By the end of 1984, there were 75 organizations designated as food banks throughout the country. By 1985, their number had swollen to 94. The monthly distribution of food bags by the Vancouver Food Bank grew from 226 bags in December 1982 to 11,251 bags in April 1985, an increase of over 4000 percent in 33 months (Figure D).[19]



The long-term impact of such deprivation can be serious. Inadequate diets of pregnant women put their babies at risk.[20] Prolonged nutritional deficiencies can seriously damage the normal growth and development of children. There is a dramatic correlation between poverty and poor health in children.

Poverty has been found to be associated with low birth weight, increased death in the neonatal period, major and more subtle forms of learning disability, and problems of child abuse. Inadequate diet before and during pregnancy is largely responsible for these conditions. Poverty is also linked with higher rates of hospitalization of children, particularly for respiratory and gastrointestinal infections.

The impact of low rates of assistance upon psychological well-being is equally devastating. Welfare recipients often see their world as one of hopelessness and despair; they typically feel trapped in a system which reinforces their dependence and which stifles any initiative to break out of a life of impoverishment.

It is clear there is a desperate need not only for higher social assistance rates but also for the introduction of a systematic method of setting these rates based on a realistic assessment of human needs. A reasonable flat rate could be used as a base to which regular cost-of-living adjustments could then be made. The Social Planning Council of Metropolitan Toronto, for example, employs an 'adequate budget' approach in which adequacy is determined on the basis of needs for food, clothing, transportation and other items.[21] These Family Budget Guidelines are developed using detailed, annual analyses of currents costs and consumer expenditures.

The following recommendations are intended to improve the adequacy of social assistance rates and to promote equity within the welfare system. We recommend:

25. That in determining rates of social assistance, provinces employ an approach which ensures that benefits are realistically related to the costs of purchasing goods and services needed to support an adequate budget.

26. That provinces fully index social assistance rates on at least an annual basis and preferably on a semi-annual basis according to changes in the Consumer Price Index.

27. That provinces use monies saved through simplified administrative procedures to increase their welfare rates.

28. That the federal government conduct an annual review of social assistance rates in all provinces to ensure that the gap between welfare benefits and the poverty line has been reduced.

29. That the federal government ensure that increases in federal child benefits and the Sales Tax Credit are not nullified by the effects of inadequate provincial indexation of welfare rates.

30. That provinces make known to recipients and to the public in a systematic fashion the way in which their social assistance rates are calculated and the levels of benefit for basic items of need such as food, shelter, clothing and personal allowances.

31. That provinces eliminate the disparities in the rates of assistance on the basis of employability and age.

CHAPTER 4

ENFORCEMENT

"I was once more asked to come to the office where I was told that since I was back with my husband, I could no longer collect welfare payments. They had a detailed report of every day my husband had come to my home in order to see the children or pick up his personal things. They knew everything - if he came in the front door or the back door, what time he arrived and left, in which car, how he was dressed, how long he stayed. They were watching."

The Issue

The financial circumstances and living arrangements of welfare recipients are monitored on an ongoing basis to verify continued eligibility for assistance. Enforcement methods sometimes result in violations of civil liberties.

The Problem

Verification of Information

The previous chapters discussed how both eligibility for welfare and assessment of need are determined on the basis of extensive and complex sets of provincial criteria. Not surprisingly, there is also a set of rules concerned solely with enforcement of these other rules. Monitoring the behaviour of welfare recipients has assumed a variety of forms. These include examining bank statements, corroborating information provided by recipients with government departments or social agencies (termed 'cross-checking'), and conducting personal investigations such as home visits.

In New Brunswick and Nova Scotia, for example, checks may be made with banks, insurance companies and any other relevant source that might validate the information provided. Quebec allows cross-checking between government departments to determine other sources of income for which applicants might be eligible.

Caseload Review

At a minimum, all jurisdictions require annual caseload reviews. Some provinces, such as Manitoba, employ a computerized self-declaration eligibility review for recipients of long-term assistance. Their needs

have been established and they are simply expected to verify the conditions of their eligibility. Quebec requires recipients to complete a monthly control sheet to confirm their financial circumstances and living arrangements. In Nova Scotia, annual visits are conducted to review the status of welfare recipients.

In most jurisdictions, employable persons are subject to closer scrutiny than recipients of long-term assistance. Newfoundland investigates the circumstances of employable individuals four times a year. In Ontario, recipients of municipal (short-term) assistance are in touch with welfare workers on a monthly basis and, where possible, home visits are made. Short-term assistance is provided in Prince Edward Island for a maximum of three months, after which a new assessment to determine need may be conducted.

Home Visits

General caseload review may be supplemented by in-depth investigations which enquire into recipients' living conditions, financial resources and other circumstances. One of the most common methods of investigation is the home visit. The home visit can help welfare workers assess recipients' basic living needs and other requirements such as the recreational needs of children or the job training needs of employable adults. Home visits can be a positive method of providing support to welfare recipients and helping them improve their circumstances.

It is unfortunate, however, that these visits are sometimes carried out in the manner of an investigation. A national study found that, in a large number of cases, no appointment had been set by the welfare department before these home visits were made.[22]

In the province of Ontario, for example, investigations used to be conducted to determine whether there was a 'man in the house' - that is, whether welfare recipients were living in common-law relationships. This finding would have disqualified them from eligibility for financial assistance. The Ontario government has announced that it plans to introduce eligibility criteria for sole support parents which do not rely upon a 'spousal' definition. Rather, single parents will be considered ineligible for social assistance if they reside with another person who provides economic support for the parent or dependent children and accepts parental responsibility for the children or has a legal obligation to support the parent or dependent children.

The province of Manitoba does not routinely check clients' homes to determine whether there is a 'man in the house'. An investigation will be carried out, however, if the welfare office receives information that a sole support parent is living in a common-law relationship and that the relationship may have some impact upon the financial circumstances of the family. The eligibility of the parent or the degree of entitlement may change as a result.

Most recently, it has been the province of Quebec that has made the most extensive use of the home visit to verify recipients' living arrangements. In April 1986, 156 part-time office workers were hired in Quebec Works Centres and 44 in the social affairs departments of the city of Montreal to allow welfare workers more time to make home visits.

The home visits program was carefully planned. A 'guide to home visits' was prepared to help the investigators understand the purpose and limitations of the visits; the guide included a code of ethics to protect the rights of the welfare recipients. All investigators received appropriate training prior to the visits which began at the end of May 1986.

The local welfare office decides whether a home visit is necessary. This decision is based on recipients' circumstances as well as upon an analysis of the information contained in the case file including marital status (common-law marriages), statement of assets, and state of health (temporary disability certificate). In short, the decision to investigate is based on factors that can have an impact upon eligibility for social assistance and the actual amount of entitlement.

Between May 20, 1986 and February 19, 1987, Quebec's welfare investigators conducted a total of 100,821 home visits. In close to 80 percent of the cases, the information with respect to recipients' living circumstances was accurate and welfare benefits were maintained at the same level. In other cases, the home visit revealed that the financial and other circumstances of welfare recipients and applicants did not, in fact, match the information that had been given to the welfare department.

The amount of assistance was increased for 1.5 percent of recipients and decreased for 3.2 percent of those visited. The investigations also resulted in the cancellation of assistance to 8.6 percent of recipients visited as well as refusals to 4.6 percent of individuals and families that had applied for assistance. More intensive investigations were required for 2.1 percent of the households visited.

Many social welfare organizations and anti-poverty groups objected to the investigations and several recipients took legal action to have the program cancelled. On December 30, 1986, Judge Tannenbaum of the Quebec Superior Court ruled that recipients had the right to refuse entry to welfare investigators.

Overpayment Recovery

Welfare recipients who report changes in their circumstances may have been overpaid from the time the change occurred until the administrative machinery is able to process the new information. The enforcement rules in each jurisdiction spell out the procedures for the recovery of such overpayments. Not surprisingly, these rules vary throughout the country.

Recipients in Newfoundland are expected to repay five percent of their requirements for regular assistance or for board and lodging. The recovery rate for unemployable recipients in Prince Edward Island is five percent of the overpayment per month. This amount can be reduced where it may cause hardship for the individual or family. Repayments of amounts under $100 may be cancelled.

Recipients of short-term assistance in Halifax must repay a 'reasonable' amount which is determined at the discretion of the local welfare office. Single unemployed employable recipients under age 30 and employable childless couples under age 30 must repay $10 a month in Quebec; all other recipients in that province repay $25.

Until October 1986, recipients of short-term assistance in some municipalities in Manitoba received what was considered to be a recoverable loan. The city of Winnipeg, for example, would file a lien against the property of all recipients except in those cases waived by the director of welfare. Individuals who did not own property but who applied for a mortgage at some future date could only dispose of the lien by making arrangements to repay the amount of social assistance granted. Provincial law still allows the filing of liens against the homes of welfare recipients but only in cases where the assistance is granted to carry out home repairs, or to pay mortgage principal, tax arrears, welfare overpayments or maintenance liability.

The province of Alberta may recover assistance which had been provided for special circumstances including home repairs, utility deposits or arrears, and trade tools required to assume employment.

Overpayments have occurred when there has been some unreported or late reported change in the family unit (thereby affecting the number of members deemed eligible as beneficiaries), in the income or assets available to the family, or in its budgetary needs. Extra payments may also occur, however, as a result of administrative error. Overpayments due to the latter cause are generally overlooked although some provinces, including Saskatchewan and British Columbia, expect welfare workers to negotiate methods of recovering these funds. When the overpayment was spent on basic needs such as food or shelter and where its repayment would result in severe hardship, the regional manager may decide not to proceed with recovery of the overpaid amounts.

In Prince Edward Island, extra payments resulting from administrative error may be treated as 'unrecoverable' if it can be established that the payment was made clearly as a result of administrative error, if it is reasonable to assume that the beneficiary would not have recognized the additional amount as an overpayment, and if the beneficiary is not in a position to repay the amount.

Penalties

A change in financial circumstances or living arrangements may revoke recipients' eligibility for welfare or decrease the degree of their budget deficit, thereby lowering the amount of assistance to which they are entitled. Recipients have to report immediately these changes to the welfare department.

The enforcement rules lay out penalties for failure to report changes, for deliberate misrepresentation of facts or for non-disclosure of pertinent information. Recipients found guilty of any of these offences may be liable on summary conviction to a fine or imprisonment.

Jurisdictions vary with respect to the severity of these penalties. In Newfoundland and New Brunswick, for example, those found guilty of receiving assistance for which there is no entitlement are liable to a maximum fine of $200 or imprisonment of up to three months or both. Persons in Quebec who receive social aid to which they are not entitled are subject to a maximum fine of $200 and/or imprisonment for up to six months. Ontario has similar prison terms for long-term recipients and can impose a fine of up to $500.

British Columbia has two categories of penalty depending upon the offence. The lesser offence of failure to give immediate notification of change of circumstances is subject to a maximum fine of $500 and/or a 30 day prison term. Individuals who, by false representation, obtain income assistance may be liable to a maximum fine of $2,000 and/or a six month prison term. They may also be required to pay a penalty not exceeding **double** the amount of money obtained.

It is important to note that, while these penalties are 'on the books', provincial officials indicated that they are hardly ever used in practice.

The Impact

Non-disclosure

Welfare recipients may face severe consequences for non-disclosure of facts. As outlined above, penalties include reduction or suspension of assistance as well as possible prosecution under the Criminal Code.

The issue of non-disclosure merits closer examination. The chapter on Complex Rules pointed out that the extensive array of conditions which govern the welfare system is often unknown to recipients. Sheer lack of information can result in innocent violations of the rules.

Even when individuals do attempt to report changes in circumstances, they may encounter bureaucratic roadblocks. Time and time again, recipients have reported that they are often unable to reach welfare workers who are unavailable and who do not return phone calls for several days. Recipients are then deemed to have received overpayments for the period of time during which the changes went unreported. They must repay the money which has already been spent and are penalized because of administrative procedures which hinder quick and easy access to the welfare department.

In British Columbia, the problem of access has been dealt with by requiring recipients to complete monthly report forms which are computer-generated. It is not necessary to talk directly to a welfare worker to identify changes in circumstances; these are merely indicated on the report form. If there are any questions about this form or if it has not been received, the cheque is sent to the local welfare office where a welfare worker will conduct an inquiry. While this process may be administratively more complex, it at least helps protect recipients against problems with overpayments.

The rules of the welfare system are often so unfair that people do not in good conscience consider they are violating the law. For example, a British Columbia welfare recipient was charged with fraud for not declaring $2,674 in income she earned as a homemaker between 1978 and 1979. She was sentenced to 90 days in prison and two hours per week of community service.[23] This woman did not disclose her outside income because she could not adequately support herself and her child on a $440 monthly welfare cheque. The Statistics Canada poverty line at that time (1978) was pegged at $638 a month.

The 'offender' claims that if she were acting under criminal intent to defraud the welfare system, she would have requested her employer to pay her 'under the table'. Her defence was that she was simply trying to provide for herself and her daughter a life that was slightly more decent than stark impoverishment.

Another example of 'non-disclosure' involved a divorced mother in Ontario who had been awarded monthly maintenance payments of $80 for herself and $120 for her children. Because her husband rarely paid these allowances on time, subpoenas were frequently issued to recover the full amounts owing. During the months that he sent nothing, she had to manage without that money.

When he finally did make the payments, she could keep only $100 because of regulations governing the tax-back of outside income.[24] Rather than declaring these back payments as a lump sum, the woman claimed the monthly payment she was supposed to receive even when no payment had been made.

These examples illustrate how the welfare system itself can sometimes force people to break the rules. The latter may be unjust or may be unduly stringent as exemplified by the earnings exemption and tax-back regulations. Because many offences arise from violations of regulations governing income from earnings and entitlements, many recipients who have received overpayments have not acted with malicious or criminal intent. Rather, most have simply tried, to the best of their ability, to exist under a system which makes life little more than a constant struggle to survive.

More 'Cheaters'?

It is impossible to ascertain the true extent of welfare fraud. However, the number of convictions for such offences appears to be very low in relation to total caseloads.

An investigation conducted in 1986 by the Alberta Department of Social Services found only a two to three percent incidence of fraud. Of 2,400 cases of overpayment examined in that year, only 75 cases led to convictions for defrauding the social service system.

In its 1983-84 annual report, the British Columbia Ministry of Human Resources reported a 34 percent increase in fraud investigations over the previous year - from 6,327 in 1982-83 to 8,517 in 1983-84. However, the welfare caseload also rose significantly - from 112,780 to 127,417. Investigations amounted to just 5.6 percent of the caseload in 1982-83 and 6.7 percent in 1983-84. Moreover, of the 8,517 investigations conducted in 1983-84, only 205 resulted in charges being laid and 1,763 cases were settled out of court.

Despite the relatively small numbers of fraud charges, many provincial and municipal governments have stepped up their efforts to prevent and punish the 'rising incidence' of abuse. The Quebec investigations are a prominent example.

It is important to place this so-called trend within socioeconomic perspective. High rates of unemployment during the early 1980's brought about large increases in welfare caseloads. While the absolute numbers of individuals attempting to defraud the system may have grown, in relative terms the percentage of abuse has likely remained the same.

In difficult economic periods, social welfare costs tend to rise dramatically in direct proportion to swelling welfare rolls. At the same time, governments are increasingly hard-pressed to finance these expenditures because of lost tax revenue. In an effort to stem rising costs, welfare departments sometimes 'get tough'. Welfare workers are expected to be less generous in the provision of assistance for special needs and to be more wary of suspected cases of abuse.

The fact that computerized systems have been widely instituted over the past few years has dramatically improved welfare departments' capacity to cross-check and validate information. Again, what may appear to be an absolute rise in the incidence of fraud may simply be due to improved methods of detecting abuse.

If, in fact, the percentage of welfare abusers in relation to the total number of recipients is small, why then do the monitoring and enforcement functions assume such importance? Negative attitudes toward welfare recipients have played a great role in bolstering these practices. Canadians who receive social assistance are often perceived as lazy, dishonest and not to be trusted. Newspaper headlines such as "Welfare Cheats Exposed" or "Anti-Scrounger Campaign to be Stepped Up" help reinforce this negative imagery in the public mind.[25]

The following proposals are made to help ensure due process regarding enforcement procedures within the welfare system. We recommend:

32. That welfare workers be required to contact welfare recipients in order to establish an acceptable date and time for home visits.

33. That provinces inform welfare recipients in writing of any decision to refuse their applications or suspend their assistance at least one month before the action is taken to allow them to provide evidence as to why such action should not be taken.

34. That rates of repayment be set at no more than $5 per month for an individual and no more than $10 per month for a family and that overpayments below $250 be forgiven.

35. That provinces abolish the practice of requiring welfare recipients to repay overpayments made as a result of administrative error.

36. That provinces redirect funds spent on the monitoring of cases and investigation of 'fraud' into the creation of support or employment services that can help reduce individuals' dependence on social assistance.

CHAPTER 5

APPEALS

"During the course of the conversation, I felt that the general consensus of the Appeal Board was that I had absolutely no right whatsoever to appeal this matter to them. I felt intimidated and defensive as to my position and was brought to the point of tears before our meeting was over, despite my effort to hold my emotions intact. Coming away from the Appeal Board hearing, I felt very discouraged and confused. I wonder if perhaps these reviewers would rather be up against people who are not trying to improve their lives and therefore our country. Perhaps I should drop out of school, continue living on social assistance and take a 'who cares, it's free money' attitude".

The Issue

The purpose of provincial appeal systems is to provide welfare recipients with a vehicle for requesting formal review or reversal of decisions pertaining to their individual cases. Yet certain practices raise questions about the fairness of some aspects of the appeal process.

The Problem

As a condition of cost-sharing, the Canada Assistance Plan requires provinces to have in place a procedure by which welfare recipients may appeal decisions relating to the refusal, reduction, suspension or termination of social assistance. These appeal systems are separate from provincial offices of the ombudsman or human rights commissions. All jurisdictions now have established such an appeal mechanism although it is noteworthy that as of 1972, fully six years after the adoption of the Plan, adequate appeal procedures were still not in full operation anywhere in Canada.[26]

The specific nature of the appeal process varies throughout the country. Most provinces have a two-tier arrangement involving a review by a local administrator or committee as well as a higher level, more formal system of appeal. In Ontario, for example, applicants for or recipients of long-term (Family Benefits) or short-term (General Welfare Assistance) aid may request a review of a decision to refuse, suspend or vary benefits. When a case is not satisfactorily resolved, an appeal to the Social Assistance Review Board may be launched. However, individuals applying for special assistance or supplementary aid in that province have no right of appeal.

New Brunswick has three levels of appeal. Case reviews are conducted by a supervisor and welfare worker together. Where necessary, recipients may request a further review by a designated officer. Final appeals are made to the Social Welfare Appeals Board.

Saskatchewan also has a three-tier system of appeal - administrative review by a district director, review by a local appeal committee and review by a provincial appeal board. The difference between the New Brunswick and Saskatchewan systems is that the former province has two levels of **administrative** review while there are two levels of **quasi-judicial** review in the latter.

Composition

First-level or case reviews are carried out primarily by welfare workers and administrators from welfare departments. In Alberta, for example, the district manager is responsible for undertaking an administrative review within one week of receiving a notice of appeal.

Members of the 'higher boards', including the chairperson, are generally appointed by the provincial government. Only a few jurisdictions actually specify the preferred background and experience of prospective candidates. Newfoundland, for example, requires two of the three members of the Social Assistance Appeal Board to have experience in insurance, education or social welfare either as members, officers or advisers to public or private welfare, educational or insurance organizations.

Appellants have complained about the underrepresentation of current or former social assistance recipients on review boards. Their absence diminishes the ability of boards to comprehend fully the realities of life on welfare.

Newfoundland and Prince Edward Island are the only provinces which require consumer representation on their appeal boards. Alberta welfare recipients may be included as members of local grievance committees only.

British Columbia has adopted a 'labour dispute' model to adjudicate appeals. The regional manager of social services nominates one person and the appellant nominates the other. The appellant may nominate another welfare recipient as long as they are not related. The third member of the appeal board is selected jointly by the ministry's appointee and the appellant's appointee and acts as chairperson. Legal aid will provide the services of a lawyer to appellants who require legal assistance.

Only the province of Saskatchewan makes available advocates to represent the interests of appellants. The services of these advocates are offered at no cost to appellants when they are notified of the time and place of the hearing. Appellants are free, however, to seek representation from other sources if they wish.

Interim Assistance

Procedures throughout the country vary greatly with respect to the provision of income assistance during an appeal. Newfoundland, for example, will continue to provide support to recipients during a grievance procedure and will retroactively provide benefits to new applicants if the decisions regarding eligibility have been reversed. British Columbia immediately reinstates benefits at the level prior to the decision to suspend assistance.

Other provinces, such as Prince Edward Island and New Brunswick, will make support payments only to those individuals who have been in receipt of social assistance at the time of the appeal. In Ontario, Alberta and the Yukon, interim assistance may be provided on a discretionary basis.

The legislation in Ontario identifies 'financial hardship' as the criterion for determining whether interim benefits should be provided to an appellant. Considering the extremely low rates of social assistance, it is difficult to imagine that any welfare recipient appealing a decision would not be in a position of financial hardship.

Provision of Information

Each jurisdiction has developed its own set of procedures for notifying individuals of their right to lodge a grievance. Most provinces require written advisement of this right when a decision regarding refusal, reduction or termination of benefits is made. In the Northwest Territories, for example, this notification must include clear instructions for launching an appeal.

There are other methods of providing information. Provinces such as Manitoba, Saskatchewan and Alberta have prepared pamphlets about their respective appeal procedures. Saskatchewan includes a statement regarding the right to appeal on each cheque stub, while Alberta and British Columbia place a notification of this right on the welfare application form. Prince Edward Island also mentions the right of appeal on its application form.

Applicants or recipients in Newfoundland may be advised in writing or verbally of their rights. Nova Scotia requires Family Benefits directors to inform recipients of their right to appeal and how to go about doing this. The practice is to provide this information in writing.

There are few requirements for the publication of information arising out of review board hearings. Some jurisdictions, such as the

Yukon, make no provision for this at all while other provinces, including Newfoundland, Nova Scotia and Alberta, report statistical data. Quebec periodically publishes a portion of its appeal board decisions while the Saskatchewan Board includes in its documents a discussion of general issues of concern.

The Impact

Competence

With the exception of a few provinces, the current selection process does not require that review board members have any particular background or expertise in welfare. Yet selection procedures are critical in ensuring that review boards are comprised of competent women and men.

The current practice of government appointments has some positive aspects. Review board members are indirectly accountable to the public by virtue of their appointment by elected representatives or lieutenant-governors. The weakness of the existing procedures, however, is that persons whose background or expertise is not relevant to the job are often chosen. Alternative selection procedures that might be considered, where appropriate, are appointments by the provincial ombudsman or human rights commission.

The training and orientation of review board members are as important as the selection process in ensuring the competence of review board members. A judge in a court of law is not deemed to be qualified to hear a case without years of training and practice in the law. Yet it is assumed that those persons making key decisions about the lives of welfare recipients are equipped to do so with no specific understanding of the legal or social welfare fields. Their lack of training puts into question the fairness of their judgments.

Because of the complex nature of social assistance regulations and policies, it would seem appropriate for review boards to have at least one member with a legal background. Other members should receive some orientation in welfare law. British Columbia, for example, has prepared an orientation kit for members of the appeal tribunals.

It is hard to judge the competence of review board decisions because of the inadequacy of reporting procedures and the difficulty in obtaining the key arguments upon which these decisions have been made. The fact that most jurisdictions do not require publication of the content of review board judgments makes objective examination extremely difficult. In effect, the welfare appeal systems are subject to very few accountability requirements.

Legal Fairness

Welfare recipients are not afforded the due process of law to which other citizens of this country are entitled. The fact that benefits can be terminated before an appeal is even heard assumes that recipients are guilty until proven innocent. This practice runs counter to one of the key tenets of our legal system: that an individual is presumed innocent until the facts of the case can demonstrate otherwise.

Another central feature of legal fairness is the awareness of one's legal rights. A major problem with the appeal system is that many welfare recipients are not aware of their right to question departmental decisions. Interviews with welfare recipients highlighted the fact that they are frequently refused this material or told that it is unavailable. British Columbia has taken steps to provide information on appeals by placing posters in district offices and by making appeal kits available to recipients.

We are aware of the fact, however, that the performance of welfare workers in some provinces may, in part, be judged on the basis of the number of appeals launched against their decisions. That is, supervisors may view in a negative light the fact that the clients of certain workers tend to initiate greater numbers of appeals. In effect, this unwritten practice creates a subtle but strong disincentive to inform recipients of their right to appeal.

Even if welfare recipients are aware of their right to appeal, what remains unanswered is the question of whether they know how to launch an appeal and whether they understand what such a hearing might entail. Simple notification of the right to appeal means little if individuals lack information as to how to begin and sustain the proceedings.

Another component of due process is the right to representation in court and at hearings. The Saskatchewan model of providing advocates for appellants is a positive example of promoting fairness in the appeals system. It is unfortunate that there are not more programs in place throughout Canada which ensure the protection of rights.[27]

Finally, there are some provinces which do not allow appeal board decisions to be reviewed in a court of law. Until the selection and training procedures for appeal board membership are improved, welfare recipients should have recourse in all provinces to the higher courts. We recognize the costs and delays which can be involved in bringing a case to court and feel that such a 'last resort' measure should be avoided wherever possible. At the same time, however, allowing such access at least ensures legal fairness within the welfare system.

The following recommendations are made to promote accessibility to information about appeal procedures and due process in the welfare system. We recommmend:

37. That the federal government set minimum standards for the appeal process which include the selection of appeal board members and the training of board chairpersons.

38. That provinces use and supplement these standards with information such as key social welfare legislation.

39. That provinces consult with community groups and, where deemed necessary, conduct a review of the welfare appeal system with particular consideration to the selection and length of term of appeal board members.

40. That provinces make compulsory an orientation program for all prospective members of provincial appeal boards.

41. That provinces continue to provide welfare benefits until after the outcome of an appeal.

42. That provinces develop appeal kits or provide funds to community groups for the development of appeal kits which explain and publicize their welfare appeal procedures.

43. That provinces make a greater effort to inform welfare recipients of their right to appeal.

44. That provinces make available the services of advocates to represent the interests of appellants.

45. That all refusals or suspensions of assistance be accompanied by a written notice providing reasons as to the refusals or suspensions as well as an explanation of how applicants or recipients might launch an appeal and where they might obtain the required support services to do so.

46. That provincial welfare regulations allow appellants to see, at least 14 days prior to an appeal board hearing, any written documentation that the welfare administration plans to submit as evidence before the hearing.

47. That welfare departments provide funds for transportation or baby-sitting to enable individuals to attend their appeal hearing when lack of such funds would prevent them from attending.

48. That provincial appeal boards be required to publish, without revealing the identity of appellants, the content of selected decisions and, where appropriate, the precedents upon which these decisions were based.

49. That, until the selection and training procedures involved in provincial appeal systems are improved, the decisions of these appeal boards be appealable to a higher court of law.

SUMMARY OF RECOMMENDATIONS

The recommendations in this report have been formulated on the basis of five key principles - simplification, accessibility, equity, adequacy and due process. Our proposals are intended to encourage moderate and incremental change which will result in a welfare system that is more simple, more accessible, more adequate and more fair. Replacing welfare altogether with some form of guaranteed income has not been discussed in this study and will be the subject of another Council report. The Council's purpose in this report is to see what can be done to improve the lot of the many thousands of Canadians who are - or will find themselves - on welfare.

In making these recommendations, we recognize that some of the proposed changes may already be in effect in certain provinces: Our goal is to have them implemented in **all** jurisdictions in order to move towards a true national 'system' of social assistance. We recommend:

Complex Rules

1. That the three provinces which maintain two-tier welfare systems (Nova Scotia, Ontario and Manitoba) minimize disparities among municipalities in their respective jurisdictions and move toward the integration of their current social assistance programs into single provincial systems.

2. That provinces simplify their welfare rules by eliminating the distinction between employable and unemployable applicants and recipients.

3. That provincial legislatures review, on a regular basis, their social assistance regulations, policies and practices.

4. That provinces ensure that the decisions of welfare workers are subject to ongoing supervisory and/or peer review to determine whether appropriate decisions have been made.

5. That provinces remove from their welfare rules punitive discretionary powers such as the refusal to grant benefits to individuals who spend their welfare cheques in an 'unreasonable' manner.

6. That provinces raise their rates of basic assistance in order to reduce the need for special assistance which is provided through administrative discretion.

7. That provinces require all local and regional welfare offices to make available as a public document the social assistance policy manual.

8. That provinces make available to the public a guide to their welfare system including social services and social assistance.

9. That provinces require local and regional welfare offices to display in public view recently-issued policy directives that affect any aspect of welfare including social assistance entitlement, benefit levels, enforcement practices and appeal procedures.

10. That provinces require local and regional welfare offices to distribute copies of such policy directives to community organizations such as social planning councils and anti-poverty groups.

11. That provinces distribute notices regarding major changes in benefit levels or any other relevant policy directives in monthly welfare cheques.

12. That provinces hold regular meetings with representatives of community organizations such as social planning councils and anti-poverty groups to discuss problematic aspects of the welfare regulations and policies.

13. That provinces explore with representatives of community groups a system of advocates to assist welfare applicants and recipients.

14. That the federal government fund a national information service to provide information on provincial social assistance and social service programs to help immigrants and Canadians who are moving from one province to another.

Needs Testing

15. That the federal government broaden the definition of 'basic requirements' provided in the Canada Assistance Plan Act and Regulations.

16. That provinces employ a broader interpretation of 'basic needs' to allow for the inclusion of necessities such as a telephone, funds for transportation, occasional babysitting monies, and educational and recreation allowances for children.

17. That provinces provide all applicants deemed eligible for assistance with a written explanation as to how their benefits have been calculated and how they can initiate a case review if they are dissatisfied with the amount granted.

18. That provinces increase their liquid asset exemption levels to approach more closely the amounts allowed under the Canada Assistance Plan Liquid Asset Exemption Guidelines.

19. That in order to ensure that the full benefit of federal programs is received, the province of Saskatchewan follow the practice of other provinces in exempting the value of the federal Family Allowance in the calculation of resources available to welfare recipients.

20. That provinces disallow the practice of treating the Child Tax Credit as available income.

21. That provinces exempt the federal Sales Tax Credit in the calculation of resources available to welfare recipients.

22. That provinces continue to increase their earnings exemption levels to approach more closely the amounts allowed under the Canada Assistance Plan Earnings Exemption Guidelines in order to encourage social assistance recipients to seek and maintain employment.

23. That provinces remove the disparities in earnings exemption levels for employable and unemployable persons and, in Quebec, for persons under age 30 and over age 30.

24. That the federal and provincial governments explore possible avenues for providing income supplementation for the working poor.

Rates of Assistance

25. That in determining rates of social assistance, provinces employ an approach which ensures that benefits are realistically related to the costs of purchasing goods and services needed to support an adequate budget.

26. That provinces fully index social assistance rates on at least an annual basis and preferably on a semi-annual basis according to changes in the Consumer Price Index.

27. That provinces use monies saved through simplified administrative procedures to increase their welfare rates.

28. That the federal government conduct an annual review of social assistance rates in all provinces to ensure that the gap between welfare benefits and the poverty line has been reduced.

29. That the federal government ensure that increases in federal child benefits and the Sales Tax Credit are not nullified by the effects of inadequate provincial indexation of welfare rates.

30. That provinces make known to recipients and to the public in a systematic fashion the way in which their social assistance rates are calculated and the levels of benefit for basic items of need such as food, shelter, clothing and personal allowances.

31. That provinces eliminate the disparities in the rates of assistance on the basis of employability and age.

Enforcement

32. That welfare workers be required to contact welfare recipients in order to establish an acceptable date and time for home visits.

33. That provinces inform welfare recipients in writing of any decision to refuse their applications or suspend their assistance at least one month before the action is taken to allow them to provide evidence as to why such action should not be taken.

34. That rates of repayment be set at no more than $5 per month for an individual and no more than $10 per month for a family and that overpayments below $250 be forgiven.

35. That provinces abolish the practice of requiring welfare recipients to repay overpayments made as a result of administrative error.

36. That provinces redirect funds spent on the monitoring of cases and investigation of 'fraud' into the creation of support or employment services that can help reduce individuals' dependence on social assistance.

Appeals

37. That the federal government set minimum standards for the appeal process which include the selection of appeal board members and the training of board chairpersons.

38. That provinces use and supplement these standards with information such as key social welfare legislation.

39. That provinces consult with community groups and, where deemed necessary, conduct a review of the welfare appeal system with particular consideration to the selection and length of term of appeal board members.

40. That provinces make compulsory an orientation program for all prospective members of provincial appeal boards.

41. That provinces continue to provide welfare benefits until after the outcome of an appeal.

42. That provinces develop appeal kits or provide funds to community groups for the development of appeal kits which explain and publicize their welfare appeal procedures.

43. That provinces make a greater effort to inform welfare recipients of their right to appeal.

44. That provinces make available the services of advocates to represent the interests of appellants.

45. That all refusals or suspensions of assistance be accompanied by a written notice providing reasons as to the refusals or suspensions as well as an explanation of how applicants or recipients might launch an appeal and where they might obtain the required support services to do so.

46. That provincial welfare regulations allow appellants to see, at least 14 days prior to an appeal board hearing, any written documentation that the welfare administration plans to submit as evidence before the hearing.

47. That welfare departments provide funds for transportation or baby-sitting to enable individuals to attend their appeal hearing when lack of such funds would prevent them from attending.

48. That provincial appeal boards be required to publish, without revealing the identity of appellants, the content of selected decisions and, where appropriate, the precedents upon which these decisions were based.

49. That, until the selection and training procedures involved in provincial appeal systems are improved, the decisions of these appeal boards be appealable to a higher court of law.

The Data Gap (see Appendix A)

50. That the federal and provincial governments develop a set of consistent definitions and categories to describe social assistance caseloads and recipients, covering such aspects as demographic characteristics, type of assistance received (basic and special, short- and long-term), and length of time in receipt of assistance (current and, if applicable, previous).

51. That provinces publish historical series of social assistance rate changes.

52. That provinces provide information on average welfare benefits and the distribution of recipients according to different levels of benefit.

53. That provinces provide information on the number and characteristics of welfare recipients who receive benefits 'in kind' (e.g., public housing, day care subsidies).

54. That such welfare statistics be made public on at least an annual basis in the form of both regular reports and additional research materials provided upon request.

55. That the federal and provincial governments mount a longitudinal survey of the incomes of Canadians, including those who receive social assistance, to identify changes in the amounts and sources of income (such as employment, savings and pension plans) over time. Such a study would provide the information needed to determine patterns of welfare use (e.g., to what extent people move between low-paying jobs, unemployment insurance and welfare).

APPENDIX A

THE DATA GAP

The welfare system is probably the most complicated social program in Canada, but that is not the only challenge facing the person trying to understand it. Equally frustrating is the lack of information about social assistance programs and their recipients, let alone more detailed data that is needed to learn more about what the system is doing and how it could be improved.

While we have information on the age, sex and family type (single-parent, two-parent) of welfare recipients, we cannot provide a more detailed national picture of the basic characteristics of Canadians on welfare. There is no one set of categories common to all jurisdictions with respect to, for example, reasons for being on welfare. Appendix B gives examples of welfare caseload characteristics in selected provinces only. We do not know how long people remain on social assistance and how often they have to use the system. We have no idea of the actual average amount of benefits received by recipients in various categories. No information is readily available on a province-by-province basis of changes in welfare rates over the years.

We have recommended that welfare recipients, social welfare groups and the public gain improved access to the various rules and regulations which govern each province's welfare system. The following are additional proposals to help fill the data gap about welfare in Canada. We recommend:

50. That the federal and provincial governments develop a set of consistent definitions and categories to describe social assistance caseloads and recipients, covering such aspects as demographic characteristics, type of assistance received (basic and special, short- and long-term), and length of time in receipt of assistance (current and, if applicable, previous).

51. That provinces publish historical series of social assistance rate changes.

52. That provinces provide information on average welfare benefits and the distribution of recipients according to different levels of benefit.

53. That provinces provide information on the number and characteristics of welfare recipients who receive benefits 'in kind' (e.g., public housing, day care subsidies).

54. That such welfare statistics be made public on at least an annual basis in the form of both regular reports and additional research materials provided upon request.

55. That the federal and provincial governments mount a longitudinal survey of the incomes of Canadians, including those who receive social assistance, to identify changes in the amounts and sources of income (such as employment, savings and pension plans) over time. Such a study would provide the information needed to determine patterns of welfare use (e.g., to what extent people move between low-paying jobs, unemployment insurance and welfare).

APPENDIX B

CASELOAD BREAKDOWNS

Figure E
Welfare Caseload in Newfoundland
by Type of Household, March 1985

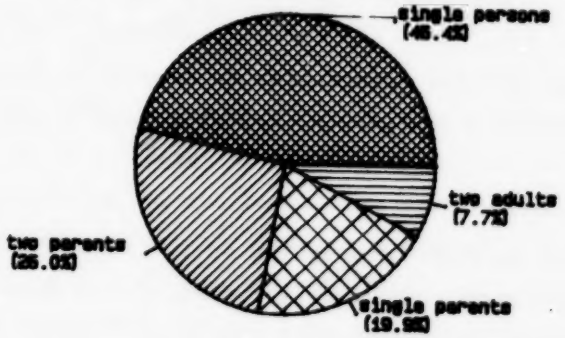
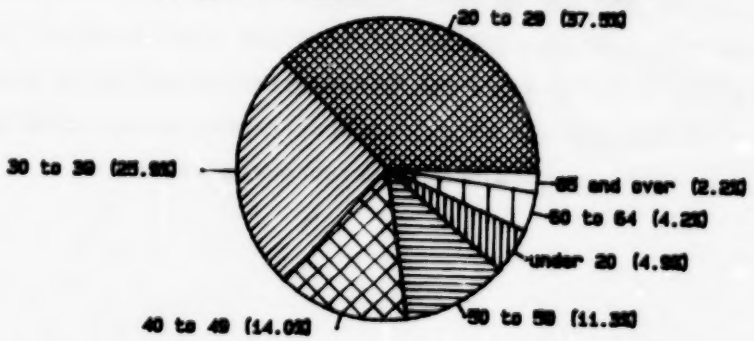


Figure F
Welfare Caseload in Alberta
by Age of Household Head, March 1985



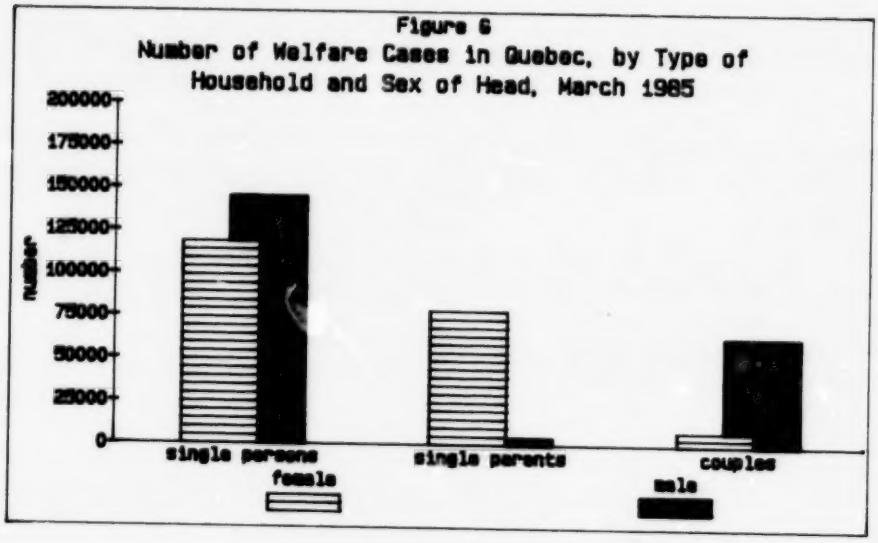


Figure G
Number of Welfare Cases in Quebec, by Type of Household and Sex of Head, March 1985
200000
175000
150000
125000
100000
75000
50000
25000
0
Number
single persons
female
single parents
couples
male

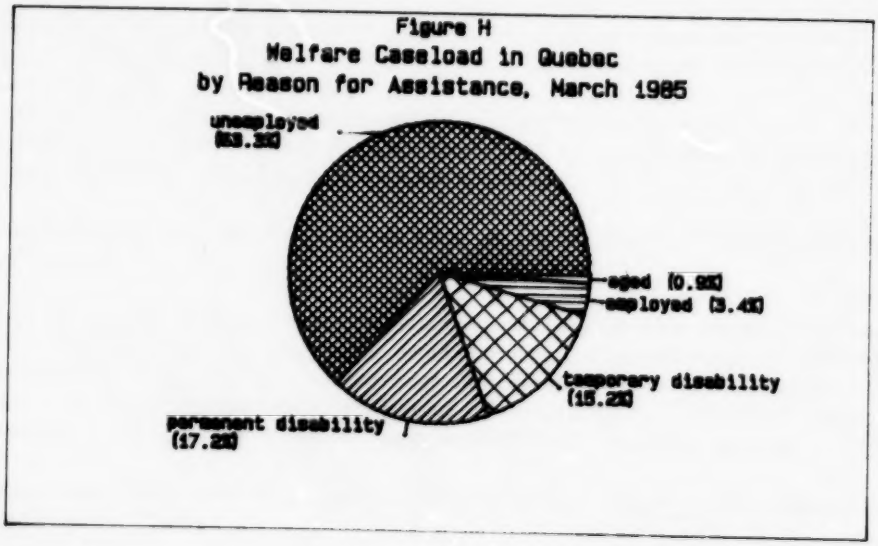


Figure H
Welfare Caseload in Quebec
by Reason for Assistance, March 1985
unemployed
(33.3%)
aged (0.9%)
employed (3.4%)
temporary disability
(15.2%)
permanent disability
(17.2%)

FOOTNOTES

1. In determining eligibility for assistance under the Old Age Pensions Act, a 'means test' took into account earnings as well as any assets that could be deemed to yield an income. Eligibility for welfare assistance is determined on the basis of a 'needs test' which compares individual or family needs with resources including liquid and fixed assets, allowances and earnings. Income-tested programs such as the federal Child Tax Credit provide benefits to individuals or families whose incomes fall below a specified level.

2. Department of National Health and Welfare. Inventory of Income Security Programs in Canada: July 1985 (Ottawa: Minister of Supply and Services Canada, 1986), p. 69.

3. Adams, N. A Productive Welfare System for the Eighties: A Review of the Saskatchewan Assistance Plan (Regina: October 1983), p. 4.

4. Levens, Bruce and Kaye Mellship. Regaining Dignity (Vancouver: Social Planning and Research Council of British Columbia, March 1986), p. 1.

5. Social Planning Council of Metropolitan Toronto. Living on the Margin: Welfare Reform for the Next Decade (Toronto: October 1986), p. iii.

6. Inventory of Income Security Programs in Canada, pp. 67-175.

7. A Halifax single father who had been receiving municipal (short-term) assistance had been denied long-term assistance under the Family Benefits Act. He launched a constitutional challenge to the Family Benefits Act that banned payments to single fathers. A Nova Scotia Supreme Court decision required that if a payment is made to one sex, it must also be made to the other. The eligibility of single fathers for long-term assistance - Family Benefits - marks a sharp reversal of government policy that had refused single fathers the same benefits that single mothers receive.

8. Registering a lien entails making a legal claim to an individual's property.

9. Saskatchewan takes into account the value of the Family Allowance in calculating its rates of assistance. A provincial spokesman indicated that by not exempting the Family Allowance and by maintaining higher general rates of assistance, there is better integration of the federal and provincial benefit systems.

10. Manitoba Task Force on Social Assistance. Report (Winnipeg: September 1983).

11. Hasson, Reuben A. The Cruel War: Social Security Abuse in Canada (Downsview: Osgoode Hall Law School, September 1981), p. 72.

12. There is no national data on the percentage of working poor individuals and families that receive social assistance. This information is available for selected provinces. In Quebec, for example, the working poor comprised 4 percent of the social assistance caseload in March 1981, 3.4 percent in March 1982, 3.6 percent in March 1983 and 4 percent in March 1984. In Saskatchewan, the working poor comprised 5.7 percent of the social assistance caseload in March 1981, 7.8 percent in March 1982, 7.3 percent in March 1983 and 8.1 percent of the caseload in March 1984. In Prince Edward Island, the working poor comprised 9.4 percent of the social assistance caseload in March 1981, 7.2 percent in March 1982, 7.3 percent in March 1983 and 7.3 percent in March 1984. In Alberta, the working poor comprised 14.3 percent of the social assistance caseload in March 1981, 14.4 percent in March 1982, 14.1 percent in March 1983 and 12.6 percent in March 1984. The comparability of such data is limited, however, because provinces define and count their welfare caseloads in different ways.

13. The most widely used Canadian poverty lines are the 'low income cut-offs' which Statistics Canada employs to produce data on the low-income population. Although Statistics Canada does not regard its low income cut-offs as official lines, the National Council of Welfare follows common practice in using them as poverty lines and uses the term 'poverty line' and 'low income line' interchangeably. The low income cut-offs are set at levels where, on average, 58.5 percent of income (20 percentage points above the average) goes to the essentials of life. See the National Council of Welfare's 1987 Povery Lines (Ottawa: March 1987).

14. The Quebec Pension Index is calculated according to the increase in the Consumer Price Index for the 12-month period ending October 31 of the preceding year.

15. Levens, Bruce and Kaye Mellship. Update: Regaining Dignity (Vancouver: Social Planning and Research Council of British Columbia, March 1987), p. 21.

16. One of the myths about welfare recipients is that they have more children so that they can collect higher rates of assistance as a larger recipient unit. The factual information we have available does not support this myth. The figures in Table 1 show that the total number of recipients for all years **is not even double** the total number of welfare cases for any given year. While these numbers are difficult to interpret with respect to families because they include both single persons **and** family units, the number of recipients would be much higher if, in fact, welfare families were very large.

17. Living on the Margin, p. 52.

18. Riches, Graham. Food Banks and the Welfare Crisis (Ottawa: Canadian Council on Social Development, 1986), p. 14.

19. British Columbia Government Employees' Union. A Promise Broken: The Effects of Restraint on Delivery of Social Services in British Columbia (Vancouver: September 1985), p. 38.

20. Most provinces now include pregnancy food allowances within their special needs category.

21. Social Planning Council of Metropolitan Toronto. Guidelines for Family Budgeting, 1984 (Toronto: 1985).

22. Canadian Civil Liberties Education Trust. Welfare Practices and Civil Liberties (1975).

23. The Florence Kemp case received substantial publicity in British Columbia.

24. See chapter on Needs Testing.

25. See Peter Golding and Sue Middleton, Images of Welfare: Press and Public Attitudes to Poverty (Oxford: Martin Robertson, 1982) for a discussion of the portrayal of welfare recipients by the press.

26. Guest, Dennis. The Emergence of Social Security in Canada (Vancouver: University of British Columbia, 1985), p. 158.

27. A pilot project in which community legal workers, law students and lawyers from community legal clinics prepared appellants for appeal board hearings in Ontario is discussed in Living on the Margin, pp. 84-85.

MEMBERS OF THE NATIONAL COUNCIL OF WELFARE

Ms. Gayle Gilchrist James (Chairperson)
Edmonton, Alberta

M. Jean-Maurice Boudreau
Part-Daniel, Quebec

Mr. Russell H. Carr
Charlottetown, Prince Edward Island

Ms. Enza Colavecchia
Toronto, Ontario

Mr. Richard S. Cumbo
Toronto, Ontario

Mr. Frank Di Giorgio
Downsview, Ontario

Mad. Solange Fernet-Gervais
Hérouxville, Quebec

Mad. Ann Gagnon
Quebec, Quebec

Ms. Verda Hedges
Calgary, Alberta

Ms. Gail Helmcken
Richmond, British Columbia

Ms. M. A. Krueger
Estevan, Saskatchewan

Mad. Norma Landry
Shippegan, New Brunswick

Ms. Marvelle McPherson
Winnipeg, Manitoba

Mrs. Ida Reid
Newville, Newfoundland

Mrs. June Walker
Winnipeg, Manitoba

Mr. Robert White
Stellarton, Nova Scotia

****

National Council of Welfare
Brooke Claxton Building
Ottawa K1A 0K9

Director: Ken Battle
Author: Sherri Torjman
Consultants: Reuben Hasson
Gus Long

NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, medicare, poverty lines and poverty statistics, the retirement income system, the aged, tax reform, the working poor, children in poverty, community economic development, women and poverty, employment policy, single-parent families, social services, nutrition, community organizing, child welfare, poor people's groups, legal aid/legal services, low-income consumers, poverty coverage in the press and welfare reform.

On peut se procurer des exemplaires en
français de toutes les publications du
Conseil national du bien-être social,
en s'adressant au Conseil national du
bien-être social, Immeuble Brooke Claxton
OTTAWA K1A 0K9